FOREIGN AGRICULTURE

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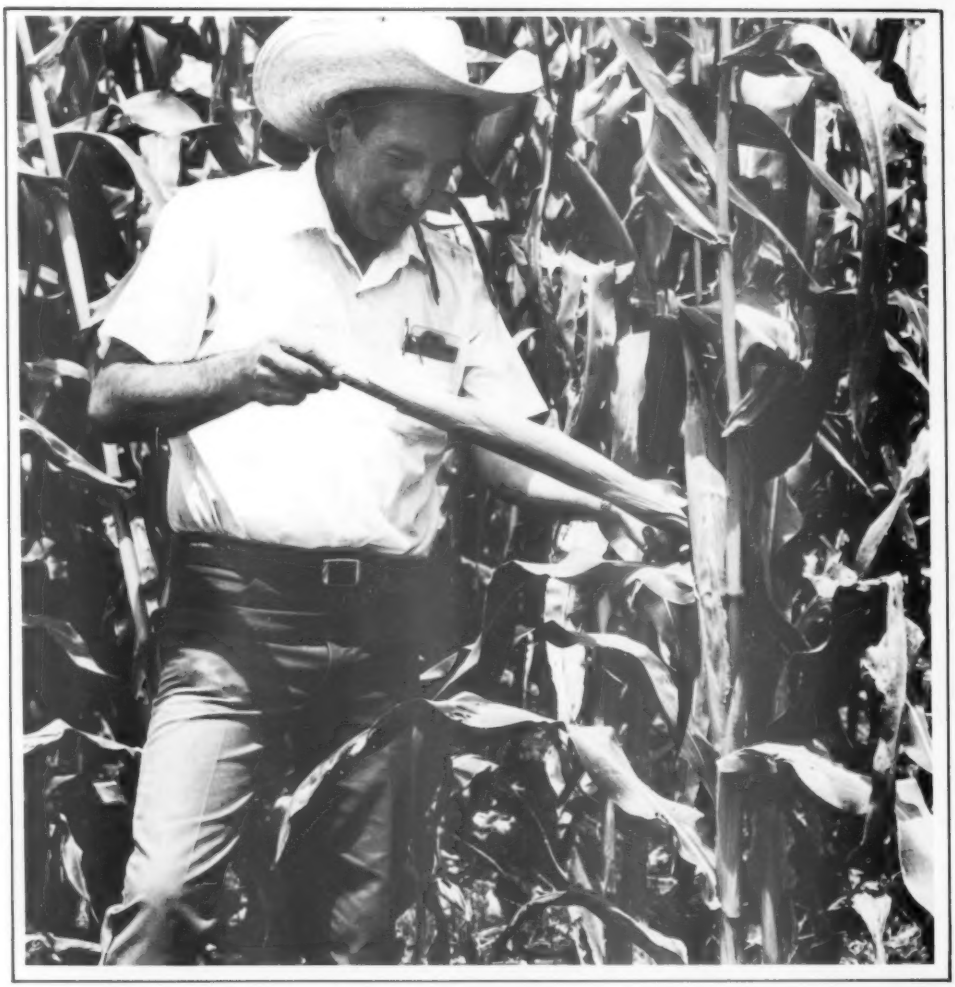
1980

United States Department of Agriculture Foreign Agricultural Service



Japan Agrees To Limit Rice Exports • U.S. Farm Exports Continue Record-Breaking Pace • Mexico's Transportation Problems • Oil Price Hikes Hurt LDC's

Suspension of Grain Sales to the USSR

A "Hard" Decision— a "Right" One

No one can say with any real precision what would have happened had the President not taken the action he did to demonstrate to the Soviets our outrage over the invasion of Afghanistan. Certainly, the actions he chose have been effective and far preferable to the military alternatives.

Looking in retrospect, we cay say the decision was a hard one. Yet, we cannot say that agricultural producers would have been better off in the long run if the President had not acted as he did.

Our farm exports will far exceed any prior years' records and will approach $40 billion in value this fiscal year. The volume of these exports will be 25 million tons above 1979's volume of sales—reflecting sales to our traditional customers such as the Japanese and the European Community, but also new customers, including those we have acquired in the shifts in world trading patterns.

In retrospect, the decisions we made regarding domestic production in the wake of the suspension were sound, although at the time, we were seriously criticized for not diverting acreage from production immediately after the suspension was announced. With weather-reduced supplies this year, some grains once destined for the Soviet Union and taken off the market by producers and placed in the more attractive reserve program will be available for sale by the producers themselves at sharply higher prices.

Within the context of the existing Five-Year Agreement with the Soviets, we continue to sell grains to the USSR and we anticipate that they will continue to seek U.S. agricultural products in the future.

Digressing for a moment, it must be a sobering experience for the Soviet leadership to reflect on how long their citizens will be willing to wait for meat on their tables, which their counterparts in Eastern Europe are already enjoying. It is not inconceivable that the Soviets—who know far better than we do the weaknesses and shortcomings of their system—might decide that living with the suspension is just not worth the price. We hope they would come to that conclusion soon.

Lifting the sales suspension would not improve conditions in the American agricultural sector. Market conditions reflect how supplies relate to demand for them. With our production down and with our exports already moving at about capacity, no market benefit can be derived, while the political repercussions would be severe.

Indeed, if we were to lift the suspension and if the Soviets were to turn back principally to the U.S. market, we could find increased world demand for feedgrains—which would aggravate an already tight supply situation. . . .and reduce world demand for food grains—of which we have plenty for export.

Consumers would not benefit from an end to the suspension since it has had no appreciable effect on food prices either way.

Given all the facts in the matter and the time to look back, the sales suspension to the Soviet Union appears to have been the right decision. It has strained the Soviet leadership's credibility in the sense that they have not been able to live up to their promises to their own people. It has cost them financially and added inconvenience. While it required that our own agricultural policies and programs be tested under strain, it proved them sound.

The crucial message of our trade and cultural restrictions, however, does not lie in their precise measurement. Instead, the message is that the United States, committed to world peace and stability, could not continue to do business as usual with the Soviet Union. We are meeting our responsibilities.

—From statement by Secretary of Agriculture Bob Bergland before the Senate Committee on Banking, Housing, and Urban Affairs, August 20.

CONTENTS

FOREIGN AGRICULTURE

Vol. XVIII • No. 10 • Oct. 1980

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Japan Limiting Rice Exports 7
Under an agreement concluded with the U.S., Japan has agreed to limit rice exports and seek other means of lowering its rice surplus.

Rising Demand Tests Mexico's Transportation System 10

October-June Farm Exports Set New U.S. Record 12

Spain's Expanding Sunflower Crop 14
Sunflowerseed for food and feed is in greater demand.

Spanish Imports of Soybeans Displacing Meal Imports 15

World Food Prices: General Increase Continues 16

LDC Economies Suffer From Petroleum Price Rises 18
Rising petroleum costs and declines in real value of agricultural exports portend increased food aid needs in the LDC's.

Foreign Trade Booming in ASEAN Countries 20
Despite efforts to boost internal trade, ASEAN still conducts about 80 percent of its trade with the United States, EC, and Japan.

Hungary's Farm Sector Strives To Meet Goals 23

Departments

Comment 2

Agri-Data 4

Commodity Update 5

Fact File—*The EC's CAP—Part II* 25

Country Reports 27

Trade Briefs 33

World Agricultural Daybook 35

Cover photo: Corn grown on a CIMMYT experiment station in Mexico.

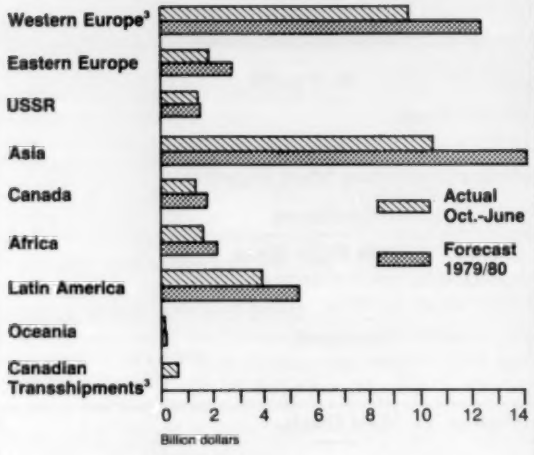
Page 7

Page 15

Page 20

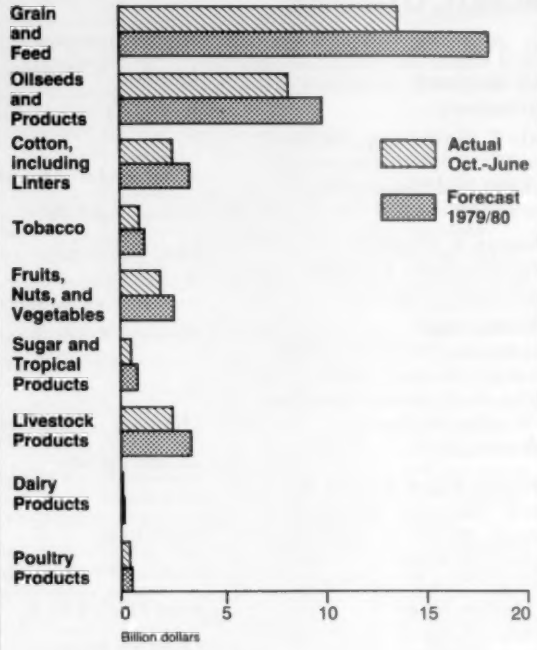
AGRI-DATA

Value of U.S. Agricultural Exports by Region; Oct.-June[1] and 1979/80[2] Forecast



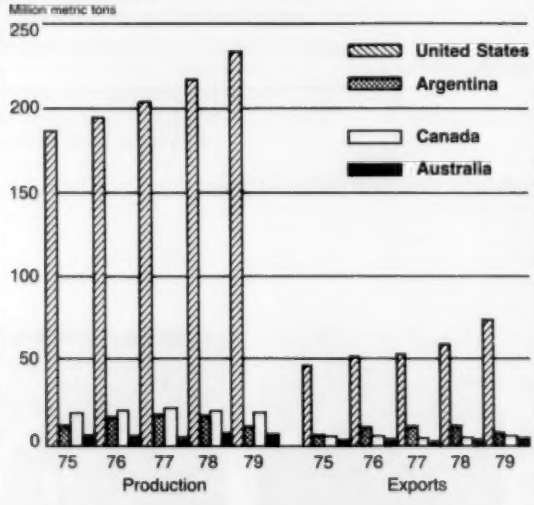
[1]Oct. 1979-June 1980.
[2]Oct. 1979-Sept. 1980.
[3]Annual data are adjusted for transshipments through Canada and Western Europe. Quarterly data are unadjusted.

Value of U.S. Agricultural Exports by Commodity; Oct.-June[1] and 1979-80[2] Forecast



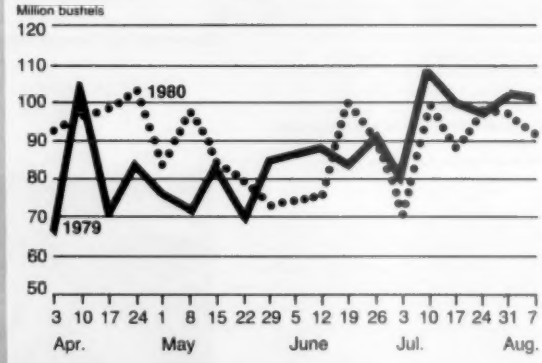
[1]Oct. 1979-June 1980.
[2]Oct. 1979-Sept. 1980.

Coarse Grains Production[1] and Exports[2] by Four Top Producers and Exporters



[1]Includes corn, barley, oats, rye, sorghum, millet, and mixed grains.
[2]Includes corn, barley, oats, sorghum, and rye, excluding products.

Weekly Inspections of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley and oats.
[2]Week ending on date given.

COMMODITY UPDATE

IN RECENT WEEKS, THE WORLD GRAIN SUPPLY-DEMAND BALANCE HAS CONTINUED TO TIGHTEN. During the past month, estimated wheat supplies have been boosted by improved yield prospects in North America and Europe and higher-than-expected plantings in Argentina. These were offset by a reduction in the U.S. corn crop forecast, an increase in the projected disappearance level for total grains in the USSR resulting from harvest-associated waste loss, and a significant reduction in the projected rice crop for China. Except for China, the overall outlook for the 1980 Asian crop is good.

Trade prospects for the 1980/81 season are virtually unchanged from the month-earlier level, both in terms of world trade volumes and forecasts of U.S. export levels. The primary remaining uncertainties—any one of which could yet cause significant changes in the estimated world or U.S. trade volumes—are:

- The Soviet Union, where grain export restraints are holding trade below a level it might otherwise reach, especially for corn.

- China, where purchases for July-December period have been extremely heavy, and little is yet known about overall intentions for the second half of the season.

- India, where wheat stocks have recently been declining.

- As yet unknown crop outturns in Southern Hemisphere exporting countries in late 1980 and early 1981.

Global carryout stocks for total grain at the end of 1980/81 now appear likely to be the lowest since 1975/76, both in terms of quantity and as related to yearly global consumption requirements.

WORLD TOBACCO CONSUMPTION DURING 1979 REMAINED AT ABOUT THE 1978 LEVEL as utilization in several major consuming countries stabilized or fell. Leaf use is believed to have fallen in the United States, France, Italy, the United Kingdom, Portugal, and the Soviet Union.

Growth rate of worldwide cigarette output slowed to 1.8 percent during 1979 and is not expected to exceed 1.5 percent during the current year.

World stocks of leaf also fell during 1979 as output was off 5 percent from the 1978 crop. Stocks during the current year are expected to recover and the 1981 carryin level is expected to be about the same as on January 1, 1979.

CONTINUED HOT DRY WEATHER IN KEY AREAS OF THE UNITED STATES HAS HELPED TO REDUCE FURTHER estimated world oilseed production for 1980/81. Output now stands at 164 million metric tons, 3 million tons below the August 1980 forecast and 12 million tons below output in 1979/80. Foreign oilseed production is down by 600,000 tons from the August estimate. Reduced projections for Soviet soybeans, Argentine sunflowerseed, and Chinese cottonseed account for much of the reduction.

U.S. exports of oilseeds and products declined to $653 million in July, a 7-percent drop from June's shipments, but 12 percent above those of July 1979. Shipments of soybeans and soybean oil were down 16 and 34 percent, respectively, from last month's levels. Exports of soybean meal were 2 percent higher than the June 1980 level.

A REVIEW OF THE MAJOR MEAT CONSUMING COUNTRIES IN THE WORLD—49 in the case of red meat and 38 for poultry—indicates that total per capita meat consumption in 1979 rose above the 1978 level. Generally, increased per capita pork and poultry consumption compensated for a decline in per capita consumption of beef and veal.

The per capita beef and veal consumption decline occurred in many countries during 1979, and largely reflects reduced slaughter rates in such countries as the United States, Canada, Argentina, and Australia, where cattle cycles have generally entered the growth phase.

Lamb, mutton, and goat meat per capita consumption was generally unchanged from 1978 levels, but pork and poultry consumption increased, supported by higher production and demand for pork and poultry products. In some cases, expanded demand has come as the result of greater substitution of pork and poultry for relatively more expensive beef and veal.

Per capita pork consumption has been following a rising trend in production since 1976. Per capita poultry consumption generally rose throughout the 1960's and 1970's, largely keeping pace with production, which has grown substantially.

WORLD COTTON PRODUCTION (1980/81) IS FORECAST AT 63.4 MILLION BALES (480 lb net), down 1.5 million bales from prospects a month ago. Based on the FAS World Crop Production Circular of September 11, foreign production is forecast at 51.7 million bales and U.S. production at 11.7 million bales.

Continued hot, dry weather in the Texas plains, Hurricane Allen on the Texas coast, and drought in the Mississippi Delta area have reduced the U.S. crop. Heavy rains and flooding in the Yangtze Valley have adversely affected the Chinese crop, now estimated at only 10.3 million bales. The Soviet Union expects a large crop, currently estimated at 13.3 million bales, compared with 13.1 million in 1979/80.

U.S. cotton exports in 1979/80 totaled 9.2 million bales, the highest since 1926/27. The 1980/81 U.S. export outlook forecasts exports at 6.3 million bales because of a smaller crop and beginning stocks.

U.S. CANNED MUSHROOM IMPORTS DURING THE SECOND QUARTER OF 1980 (APRIL-JUNE) totaled 15,878 metric tons, the highest quarterly level in history. June imports, however, were down 12 percent from those of the previous month—the first monthly decline in 6 months.

Import market shares during April-June 1980 were as follows: Taiwan, 45 percent; Hong Kong, 21 percent; South Korea, 20 percent; China, 9 percent; Macao, 3 percent.

It is possible that the high level of imports during the past several months was an attempt by exporting countries to ship as much as possible before possible imposition of import quotas by the United States. On August 6, the U.S. International Trade Commission recommended imposition of quotas for a 3-year period beginning July 1980. The President has a 60-day period in which to decide whether to accept the recommendation.

THE SECOND USDA ESTIMATE OF THE 1980/81 WORLD COFFEE CROP (TOTAL PRODUCTION) IS 80.1 million bags (60 kg each). This is 500,000 bags more than the first estimate of total output and is virtually unchanged from the current estimate for 1979/80. Based on past performance, the chances are two out of three that the second estimate of total production will not vary more than 2.9 percent from the final outturn for the year.

Exportable production, which represents total harvested production less domestic consumption in producing countries, is estimated at 60.2 million bags, down from 60.6 million bags in 1979/80.

Total production in North America is largely unchanged except for El Salvador, where the harvest could be larger if there is no flareup in hostilites. South American production is up owing mainly to an adjustment in the minimum harvest expected from Brazil, which was not offset by a drop in the estimate for Peru. African production is unchanged except for a cut in the estimate for Angola.

After Record Rice Exports, Japan Agrees To Limit Shipments During 1980-83

By Suzanne Hale

Clockwise from top: Mechanical transplanting of rice seedlings; hand transplanting of seedlings; and a maturing crop. Rising rice productivity and declining consumption so far have thwarted Japanese efforts to reduce the country's rice surplus.

Land-short Japan, with only about a tenth of an acre of arable land per person, normally is a minor factor in agricultural export trade. Last year, however, Japan suddenly became one of the world's major exporters of rice, causing widespread concern over the possible disruptive effects of its subsidized export trade. U.S. exporters in particular felt their trade jeopardized, as two-thirds of the Japanese rice export moved to traditional U.S. markets in South Korea and Indonesia, at prices below world market levels.

These concerns led to negotiation of an agreement between Japan and the United States, whereby Japan will limit its exports of rice during Japanese fiscal years 1980-83 (April-March). Japan also is stepping up efforts to reduce surpluses of rice—a program that will influence Japan's future role in the world rice market, and, to some extent, its import demand for wheat and feedgrains.

Surplus rice production, a problem in Japan for the past decade, has been the target of various Government programs to reduce output. So far, however, the incentives to lower output have been ineffective because of generous Government support prices, which currently are about three times the world price. Stocks have continued to grow, and last year the Government-run Japanese Food Agency had over 6 million tons of surplus rice.

To work down the surplus, the Japanese Government in April 1979 began a 5-year program aimed at subsidizing the sale of 4.8 million metric tons of rice (brown basis) for export, animal feeding, and industrial uses such as alcohol production. Later, Japanese officials announced that the program would be expanded to cover 6.5 million tons, with 2.5 million for export, 2.5 million for feed, and 1.5 million for industrial uses.

During the first year of the program, Japan exported nearly 900,000 metric tons of rice (brown rice basis), compared with only token amounts in 1978/79. This sudden entrance into the world market with large volumes of subsidized rice threatened to disrupt

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international trade. The impact of this surge in exports is magnified by the fact that the world rice market is very thin, totaling only about 12 million tons annually, so that Japan suddenly had 7 percent of a market in which its share normally is less than 1 percent.

U.S. officials, therefore, have encouraged the Japanese Government to curtail its subsidized rice exports. These efforts culminated this April in the U.S.-Japanese agreement, under which Japan will limit its rice export sales to 1.4 million tons over the next 4 years. Although export levels may vary slightly from year to year, annual export sales will average about 350,000 tons—a substantial reduction from the nearly 900,000 shipped during the past Japanese fiscal year.

Under the new agreement, most Japanese rice will be sent to poor countries that are not regular commercial rice markets. The agreement provides for total Japanese exports to sensitive markets such as Korea and Indonesia to average just 160,000 tons annually, a significant decline from the 600,000 shipped to these two countries last year. In addition to the 1.4 million tons of rice to be sold abroad, Japan expects to provide a minimum of 50,000 tons in grant aid annually.

Japanese and U.S. officials will work closely to see that Japanese exports do not disrupt traditional trade patterns. Technical consultations will be held periodically between officials of the U.S. Department of Agriculture and the Japanese Ministry of Agriculture, Forestry, and Fisheries concerning the pricing of Japanese rice for export. The first of these meetings was held in June in Tokyo.

Japan also will consult with the United States prior to initiating food aid sales under terms of the Surplus Disposal Procedures of the UN Food and Agriculture Organization (FAO); these procedures have been developed to prevent interference with normal patterns of production and international trade.

Finally, annual consultations will be held between U.S. and Japanese officials to review the world supply and demand situation for rice. Emergency consultations may be requested if unusual circumstances such as natural disasters or crop failures increase requirements for food assistance.

In June, for example, the United States agreed to the sale of an additional 88,000 tons of Japanese rice to Korea under the emergency provision of the U.S.-Japan rice agreement. This exception was permitted because:

- U.S. exportable supplies of Calrose rice, the type preferred by the Koreans, were depleted, and the Koreans had tendered a number of times in an attempt to buy all remaining supplies;
- Korean rice stocks were precariously low; and
- The United States did not want rice shortages to further destabilize the political situation in Korea.

The export agreement will operate in conjunction with a Japanese program aimed at bringing domestic rice production into line with consumption. This year, for instance, the Japanese Government is offering farmers about $1,800[1] per hectare to divert 535,000 hectares of riceland to other crops.

An even larger bonus of $2,500 per hectare is being paid to farmers who switch from rice to wheat, soybeans, or forage—three crops the Government is especially eager to promote.

Although the current program is a significant improvement over past efforts, it probably will not completely eliminate Japan's surplus rice production, the persistence of which can be traced to three basic factors: Declining per capita rice consumption, rising productivity in rice production, and increasingly generous support prices.

Japan's per capita consumption of rice fell by 27 percent between 1962 and 1977. In part, this reflects the substitution of wheat for rice in the Japanese diet. A more important reason, however, has been the growing variety in the Japanese diet. During the past two decades, Japanese consumers have greatly increased their consumption of fruits, vegetables, and livestock products at the expense of rice. Livestock consumption in 1977, for example, was four times that of 1960.

The second factor—increasing productivity—derives in part from Government assistance to farmers during the 1960's designed to boost farm incomes. The use of improved fertilizers and pesticides has increased productivity to the point where Japan now has the world's highest rice yields. Between 1960 and 1978, productivity of Japanese riceland rose by 21 percent, from 4.86 tons per hectare to 6.18 tons (rough basis). Consequently, production during this period fell by only 2 percent, even though area harvested dropped 25 percent.

Generous support prices likewise have helped perpetuate surplus production. Although the Government would like to eliminate costly surpluses, this has been difficult because of its commitment to maintaining farmers' incomes at levels equal to those of urban workers. In recent years, this goal has been overachieved, and farm incomes have been higher than those of urban workers owing to the increase in off-farm income.

Another major problem for Japanese agriculture has been land reform legislation adopted during the Occupation that has kept Japanese farms small. Today, the average Japanese farm is only 1.1 hectares, which makes it difficult to develop programs that will provide adequate incomes for the small farmers. Even if land tenure laws were eliminated, however, the high cost of land would make it very difficult for farmers to expand their holdings and improve their efficiency.

High Government support prices also have been a reaction to rapidly rising production costs, particularly during the 1970's. The cost increases reflect both inflation and changes in the nature of Japanese agriculture. During the 1970's, Japanese agriculture became much more capital intensive than in the past, and rice farmers now commonly rely on machinery such as reapers and power planters. Although this trend has reduced the labor input, it also has boosted production costs.

These problems notwithstanding, rice production remains extremely attractive. About half of all Japanese farmers produce rice and only a few crops provide higher returns per hour of labor. And most of these other crops—such as potatoes used for processing—require more land, making the return per hectare much lower than that for rice. There are crops that provide greater returns per

[1] US$1 = ¥220.

hectare than rice, but they are generally labor intensive and in the case of fruits and vegetables often are subject to more volatile market conditions that make returns uncertain.

Japan's rice program has not been cheap. Over the past several years, it has cost the Japanese Government about $3 billion annually. The Japanese people and their elected representatives have been willing to pay the high cost of supporting rice farmers for several reasons.

First, because of the trauma caused by food shortages after World War II, the Japanese are very concerned about food security. Such concerns are exacerbated by the fact that Japan must rely on imports for about half of its food needs on a caloric basis.

A recent survey by a leading Japanese newspaper included a question about the type of policy Japan should follow regarding self-sufficiency in agricultural production. Of those polled, 38 percent responded that Japan should become as self-sufficient as possible in the production of staples such as rice, while 20 percent supported increased self-sufficiency even if it meant higher prices.

In another survey, 71 percent responded that domestic production should be increased whenever possible, while only 17 percent felt that it woud be better to import cheaper foodstuffs.

Second there is a widespread sympathy for farmers, even in urban areas. Although Japan is now an urban society, many Japanese still have close ties with their families in rural areas.

A third reason is that the costs of the rice program has not been obvious to consumers. Since the Food Agency sells rice for less than its procurement price, consumers are insulated from the full effect of increases in the support price. Although the Food Agency's growing deficits must be covered with Government funds each year, the cost has not been apparent to consumers. There has thus been no well-organized constituency in Japan calling for reform in Japanese rice policies, and high support prices have traditionally been espoused by virtually all political parties.

Japanese farmers have pushed hard for higher prices. The Liberal Democratic Party (LDP), which has governed Japan for the past 25 years,

Continued on page 24

Mechanical harvesting of rice in Japan.

Table 1—Japanese Rice Exports, 1979 and Schedule for 1980-83[1]

[In 1,000 metric tons]

Destination	1979	1980	1981	1982	1983
Sensitive markets[2]	[3]600	220	140	140	140
Noncommercial markets	288	150	210	200	200
Subtotal	888	370	350	340	340
Grant aid	26	50	50	50	50
Total	914	420	400	390	390

[1]Japanese fiscal years (April-March). [2]For this fiscal year, Korea and Indonesia. Does not include 88,000-ton emergency sale. [3]Includes 150 tons sold in 1979 for delivery in 1980.

Table 2—Selected Crops: Yen Return to Farmers Per 10 ares[1] and Per Hour of Labor 1978

Item	Value of product[2]	Production cost[3]	Net profit or loss	Hours of labor required	Return per hours of labor
	Yen	*Yen*	*Yen*	*Hours*	*Yen*
Rice	157,096	91,628	65,468	71.7	913
Wheat	60,286	34,842	25,444	20.3	1,253
Potatoes (for starch)	77,385	50,365	27,020	15.4	1,755
Soybeans	79,672	27,942	51,730	18.8	2,752
Green tea	425,820	190,060	235,760	187.5	1,257
Mandarin oranges	236,173	137,141	99,032	186.8	530
Eggplant (vinyl tunnel)	1,396,508	958,563	437,945	1,516.0	288
Tomatoes (summer)	996,799	244,082	752,717	677.3	1,111
Chinese cabbage (autumn)	51,419	52,066	-649	88.8	-7

[1]One are = .01 hectare. [2]Includes byproducts. [3]Includes cost of land but not labor.

Mexico's Transportation System Strains To Meet Demands Of Booming Economy, Rising Trade

Transporting record volumes of U.S. grain to Mexico this year has been likened to forcing a 10-inch volume through a 2-inch pipeline—a pipeline that has been strained by physical limitations of the Mexican transportation system and by a border crossing system designed to control, rather than enhance, trade.[1]

A mirror both of Mexican economic progress and food supply problems, the narrow pipeline is being kept open by a joint Mexican-U.S. effort to cut through red tape and rail traffic delays at the Mexican border. The Mexican Government simultaneously is embarked on a multi-billion-dollar program to expand and improve its transportation system during the next 3 years.

Mexico's transportation system is one of the most modern and efficient in Latin America, but—because of the lag between increases in demand and a physical plant's ability to respond to such growth—it is showing signs of severe strain.

Two years of drought—and consequent crop shortfalls—have forced Mexico to make unprecedented imports of grain, which have stairstepped from only 1.7 million metric tons in 1976/77 (July-June) to a record 6 million in 1979/80 and one forecast at 7-7-5 million for 1980/81. Around 90-95 percent of this grain came from the United States during 1979-80 and 40 percent of it on U.S. unit trains that are being moved across the border in record time. This accelerated trade will make Mexico the third or fourth largest U.S. market in fiscal 1980, with U.S. agricultural exports there estimated at $2 billion, double the $1 billion of fiscal 1979.

Added to the trade pressure is Mexico's recent economic awakening—propelled by development of its vast petroleum reserves and a sudden inflow of capital investment—which has sustained an annual economic growth rate of 8-9 percent during the past few years.

Stepped-up domestic output of industrial products thus has had to compete with grain imports for Mexico's limited rail capacity, while port capacity has been strained to the limit. These transportation problems in themselves inhibited economic growth last year and aggravated inflationary pressures.

A population growth rate of more than 3 percent annually further increases the pressure in the country that now must feed 70 million people, compared with only 17 million at the end of World War II and an anticipated 100 million by the year 2000. Mexico's City's 16 million people alone require 90 railcars (5,000 tons) of grain each day to meet current needs, according to Eldon Brooks, a transportation specialist with USDA's Office of Transportation.

These forces combined have taxed all modes of transportation in Mexico. Shipping of grain sorghum to feed mills, for instance, was severely retarded last year because of heavy port congestion. Railroad limitations impeded movement of imported grains from ports, thus taxing inadequate port storage and handling facilities, "creating delays in unloading ships, and contributing to an already severe backup of ships in port.

Shipping overland to Mexico was equally troublesome owing to a customs system designed primarily to control the movement of goods across the border and to a pervasive shortage of rail sidings and terminal areas. For years, the standard procedure had been to change locomotives and crews at the seven entry points into Mexico—Brownsville, Laredo, Eagle Pass, Presidio, El Paso, Nogales, and Calixico. Furthermore, individual cars had to be held on sidings until clearance of each car was obtained. With grain exports to Mexico now up to nearly 1 million tons a month from only about 200,000 a year ago, such a time-consuming process—if allowed to continue—would serve as a major constraint on trade.

To correct the situation, an agreement was reached in February 1980 between Mexico's National Basic Commodities Company (CONASUPO), its national railroads, and three U.S. railroads, whereby unit trains carrying an average of 5,000 tons each of U.S. grain would move into Mexico intact. This agreement eliminated the need for lengthy customs' clearance of 50-100 individual cars by allowing a train to be treated as one unit. Additionally, U.S. trains carrying grain to discharge points within Mexico compensated in part for Mexico's railcar shortage.

Paperwork—the major impediment to flow of U.S.-Mexican trade, according to Brooks—thus was reduced considerably. However, Brooks reports that, even with such changes, the paperwork has not been able to keep up with the ability of the Mexican and U.S. railroads to move railcars. This he says, has been primarily due to the U.S. and Mexican railroads' willingness to work 24 hours a day and 365 days a year when necessary."

There also have been delays in the return of empty boxcars to the United States. However, these delays reportedly are being reduced as a result of changes instituted following a July 7-8 meeting between U.S. and Mexican railroad and Government officials. A number of inspection and documentation problems also are said

[1] *This is the second in a series of articles on the transportation challenge for agricultural interests in North America. The first article examined the transportation outlook for the United States; the third, in the November issue, will focus on Canada.*

By Beverly Horsley, Associate Editor, Foreign Agriculture.

to have been resolved as a result of the meeting.

Because of such changes and further expediting of the clearance system, an average of 10 unit trains are now crossing the border each week.

The effectiveness of this joint effort is dramatized by the fact that Mexico in 1980/81 probably will receive 40 percent of its grain imports by rail from the United States, whereas that share in past years has been only around 20-25 percent. Moreover, this percentage gain comes out of a record trade volume that is more than four times as large as imports in 1976/77.

Improvements in Mexico's transportation system also are being made under a 3-year crash program launched in mid-1979 by the Mexican Government. Key elements of that program include:

- Expenditures of $1 billion on track and terminal improvement between 1980 and 1982;
- Investment of another $2 billion during the same period in new equipment, including 282 locomotives and 12,836 freight cars;
- The purchase and rental of U.S., Canadian, and Brazilian locomotives;
- Use of a special fleet of trucks to assist in moving grain from ports to inland destinations; and
- Better import programming reduce port and rail congestion.

All parts of the transportation system ultimately will be affected in some way. This includes Mexico's six railroads; 36 deepwater ports, five of which handle 80 percent of Mexico's total foreign trade; some 29,000 miles of air routes and more than 70 domestic airlines; and a farflung highway system that is still the only link with the majority of Mexico's towns and villages. Improvement in all areas is needed if Mexico is to realize the economic potential promised by its petroleum wealth and the recent surge in private investment and imports of capital goods. □

Top, samples are taken from a truck loaded with soybeans; and above, harvesting grain, output of which has lagged behind Mexico's booming demand. A consequent quadrupling of grain imports since 1976/77 has taxed Mexico's transportation system and prompted emergency measures to expand and improve the system.

U.S. Farm Exports in October-June 30 Percent Above Last Year's Record

By Stephen R. Milmoe

Exports of U.S. agricultural products during the first 9 months of fiscal 1980 (October-June) were 30 percent above the previous year's figure for that period.[1] The continued strength of grain, soybean, and cotton shipments throughout the third quarter has maintained this year's record export pace.

Volume growth accounted for most of the increase (23 percent) in the value of U.S. farm exports. This was particularly evident in grains, where nearly 17 million metric tons or 25 percent more grains and products have been shipped to date this year. In addition, the major grains (corn, sorghum, rice, and wheat) have shown significantly higher prices per ton in fiscal 1980. These higher grain prices fueled an average unit value rise of 7 percent across all commodities.

The unprecedented demand for U.S. feedgrains during fiscal 1980 has not been limited to corn. Total feedgrain exports of 53.9 million tons through the end of June were 29 percent above last year's and reflect a record export pace for corn (46.0 million tons) and sorghum (6.8 million tons), and a near-record pace for barley (1.1 million tons).

The export unit value has risen $18 per ton over the past year in response to this demand. The markets that have shown the greatest increases have been Japan (11.4 million tons—up 40 percent), Mexico (4.5 million tons—up 225 percent), Spain (2.7 million tons—up 108 percent), and Eastern Europe (6.1 million tons—up 60 percent).

In fiscal 1978 and 1979, U.S. wheat exports were 31.8 million and 31.3 million tons, respectively. On the basis of export progress through June, it appears that wheat exports will once again reach and probably exceed the record level of 35.9 million tons attained in full-year fiscal 1973 during the celebrated "Russian Grain Deal." To date, wheat exports total 25.1 million tons, 4.1 million tons or 20 percent above last year's level.

Although export prices have dropped lately, the cumulative export unit value through June stands at $176 per ton or $37 per ton above levels a year ago. Markets that have shown strong demand have been South American (3.9 million tons—up 58 percent), Eastern Europe (2.0 million tons—up 1.9 millions tons), and North Africa (1.9 million tons—up 45 percent.)

Exports of U.S. rice are 16 percent above year-ago levels (through June) at 2.2 million tons. Unit values have risen somewhat less than for other grains but nonetheless are 8 percent above last year's. Milled rice exports, the bulk of the market, were up only 4 percent.

The corn/soybean meal price relationship in the European Community (EC) shifted significantly earlier this year in favor of soybean meal usage. This has resulted in a 19 percent gain in soybean exports (8.9 million tons) and a 45 percent rise in soybean meal export (3.1 million tons) to the EC. Nearly all of this increase (92 percent) has been absorbed by the Netherlands. With the unit price of soybeans falling 4 percent in the past year, other areas such as China (809,658 tons—up 471 percent), Spain (2.0 million tons—up 52 percent), and Eastern Europe (758,814 tons—up 74 percent) have taken more U.S. soybeans this fiscal year.

The demand for feed in Eastern Europe, following its disastrous wheat crop in 1979, compelled countries there (particularly Poland, Romania, and the German Democratic Republic) to increase their purchases of U.S. grains, oilseeds, and oilmeals by 4.8 milion tons or 87 percent in the first 9 months of fiscal 1980.

Soybean oil exports were 24 percent above last year's level, mainly on the strength of bigger exports to India, Brazil, China, USSR, and Mexico, which outweighed smaller exports to

[1]*Unless otherwise noted, all figures are for Oct.-June and similar periods in previous years, as indicated.*

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U.S. Farm Export Highlights

- An agricultural trade surplus of $17.7 billion, during October-June, has helped to lessen the effects of a burdensome $39.0-billion nonagricultural trade deficit. Last year in the same 9-month period, these figures were $11.5 billion and $28.3 billion, respectively.
- U.S. exports to less developed countries jumped 36 percent in value through June. This has been fueled by a 54 percent (or $1.8 billion) increase in grain exports.
- Burgeoning demand for feedgrains in Japan and soybeans in Western Europe was a major factor in the 21 percent gain in U.S. farm exports to developed countries.
- Among the centrally planned countries, Eastern Europe has surpassed the USSR as the major U.S. market. Poland and the German Democratic Republic have accounted for 62 percent of the increase thus far.
- U.S. agricultural imports have leveled off at just under $1.5 billion per month. Imports of coffee and sugar have shown the most significant gains.

Iran, Bangladesh, Pakistan, Colombia, and Egypt.

Feeds and fodders, particularly corn byproducts, have also seen tremendous volume and value increases through June, standing at 30 and 43 percent respectively above those of a year ago.

World demand for U.S. cotton (excluding linters), particularly in Asian markets, is up some 61 percent in volume and 71 percent in value above year-ago levels. Export unit values are just now reacting to the cotton price surge (c.i.f. Osaka) experienced early in 1980. The five largest U.S. markets (China, Japan, Korea, Taiwan, and Hong Kong) had taken nearly three-fourths of all U.S. cotton exports by the end of June versus two-thirds at that time last year.

Unmanufactured tobacco exports fell well behind last year's rate early in the fiscal year. However, in the last 5 months, flue cured shipments have picked up the slack. Serious shortfalls in demand, particularly from the United Kingdom and Japan, the top two U.S. markets, were nearly compensated for by increases to most other West European countries, Canada, and Egypt. Exports in June stood at 235,428 tons, 3 percent less than last year's.

U.S. exports of animal hides and skins have fallen 8 percent in value below year-ago levels. The dollar value of exports to Japan, Canada, and Korea, the three largest U.S. markets, has dropped 30 percent. Only consistent demand in Western Europe ($383 million) and Mexico ($69 million) kept the market from slipping further. However, the Mexican market became somewhat disrupted in June and afterwards when the Government stopped issuing import licenses for a while.

Poultry exports from the United States amounted to $399 million in fiscal 1980, 45 percent over year ago levels. Although the largest U.S. market—Japan—saw an 8 percent reduction, the dollar value of such products to virtually every other region on the globe saw modest to significant increases.

Exports of fruits, nuts, and vegetables were up 37 percent. Highlighting this commodity group were notable increases in exports of pulses ($94 million), fresh fruits ($76 million), and almonds ($198 million.) □

U.S. Agricultural Exports: Volume By Commodity October-June, 1976/77-1979/80

Commodity	1976/77	1977/78	1978/79	1979/80	1978/79-1979/80 change
	1,000 mt	*1,000 mt*	*1,000 mt*	*1,000 mt*	*Percent*
Wheat and products	16,929	23,374	22,057	26,277	+ 19
Feedgrains and products	39,190	40,962	42,145	54,181	+29
Rice	1,567	1,707	1,897	2,195	+16
Soybeans	13,514	16,639	17,113	19,801	+16
Protein meal	3,546	4,939	5,046	6,177	+22
Vegetable oils	939	1,143	1,203	1,452	+21
Cotton, excluding linters	836	1,003	1,041	1,681	+61
Tobacco	216	210	242	235	–3
Total	76,737	89,977	90,744	111,999	+23

U.S. Agricultural Exports: Value By Leading Markets October-June 1976/77-1979/80[1]

Country	1976/77	1977/78	1978/79	1979/80	1978/79-1979/80 change
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol*	*Percent*
Japan	3,054	3,209	3,815	4,282	+12
Netherlands	1,804	1,691	1,915	2,725	+42
West Germany	1,628	1,169	1,123	1,450	+29
USSR	966	1,496	1,208	1,412	+17
China	(2)	198	713	1,320	+85
Mexico	346	459	693	1,314	+90
Canada	1,233	1,147	1,249	1,284	+ 3
Korea, Rep. of	670	745	1,073	1,225	+14
Spain	539	634	686	1,056	+54
Italy	725	729	795	1,014	+28

[1]Not adjusted for transshipments. [2]Less than $500,000.

U.S. Agricultural Exports: Value By Commodity October-June, 1976/77-1979/80

Commodity	1976/77	1977/78	1978/79	1979/80	1978/79-1979/80 change
Animals and animal products	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol*	*Percent*
Dairy products	121	122	87	112	+29
Meat and meat products	453	496	632	663	+ 5
Poultry and poultry products	215	251	275	399	+45
Other	1,193	1,243	1,769	1,763	–1
Total animals and products	1,982	2,112	2,763	2,938	+ 6
Grains and preparations					
Feedgrains and products	4,321	4,191	4,541	6,807	+50
Rice	481	636	687	857	+25
Wheat and major products	2,187	2,811	3,096	4,662	+51
Other	113	112	117	140	+20
Total grains and preparations	7,102	7,750	8,442	12,467	+48
Oilseeds and products					
Cottonseed and soybean oil	456	547	681	784	+15
Soybeans	3,836	3,976	4,557	5,067	+11
Protein meal	787	902	1,105	1,372	+24
Other oilseeds and products	403	614	677	695	+ 3
Total oilseeds and products	5,482	6,039	7,020	7,918	+13
Other products and preparations					
Cotton, excluding linters	1,302	1,293	1,477	2,520	+71
Tobacco, unmanufactured	784	855	1,092	1,118	+ 2
Fruits, nuts, vegetables	1,313	1,428	1,703	2,341	+37
Feeds and fodders	473	411	561	801	+43
Other	536	625	732	880	+20
Total products and preparations	4,408	4,612	5,565	7,659	+38
Total	18,974	20,513	23,790	30,981	+30

Spain's Sunflower Crops Expanding To Meet Food And Feed Requirements

By Jose E. Vidal

Sunflowerseeds, regarded in Spain as late as 1963 mainly as a crop grown for consumer snack food, today have become an important source of the rapidly expanding consumption of edible oil and oilmeal products in that country.

Spain's sunflowerseed production in 1979 was about 500,000 tons, compared with 470,000 tons the previous year and only 55,000 tons a decade earlier. The 1980/81 outturn is forecast at about 530,000 tons.

The big advance in Spanish demand for oilseed products has its roots in the country's national economic stabilization plan that went into effect in 1959.

Improvement in real consumer income during the ensuing years generated higher demand for edible oils (which domestic olive oil producers could not meet), and for more red meat and poultry.

As a result of this upsurge in demand for oilseed products, Spain turned to imports of soybean oil and the expanded domestic production of sunflowerseeds.

In 1963, oilseed companies introduced high-oil Soviet cultivars in western Andalusia, notably around Seville and Cordova. Despite difficulties by growers in determining where the crops fared best, and for breeders in developing domestically adapted varieties, sunflower area zoomed from about 4,400 hectares in 1963 to 155,000 hectares in 1970 and a peak 793,800 hectares in 1975.

Following severe drought conditions in 1975 that resulted in a sharp decline in yields, sunflower area slid to 506,600 hectares in 1976. Despite this setback, planted area climbed back to about 642,000 hectares in 1979.

Practically all sunflowerseed is forward-contracted with processors before the seed goes into the planter. Processors supply growers with seed and low-interest loans, as well as a guaranteed market and a price regulated by the Government. The attraction of these incentives evidently outweighs the threats of adverse weather and economic loss, for sunflowerseeds today are Spain's third largest field crop after barley and wheat.

In 1979, growers received an average 40.5 cents per kilogram for their sunflowerseed. The Government support price was 38 cents per kilogram.

With average yields at about 800 kilograms per hectare, Spanish sunflower producers grossed about $324 per hectare, compared with $320 per hectare for wheat and $279 for barley—both rain-grown crops. Also, sunflowers require considerably less seed and fertilizer than wheat or barley.

Another factor that makes sunflower production attractive to Spanish farmers is that it can be rotated with winter grains and certain feed pulses in many of Spain's nonirrigated regions.

Although most sunflower production in Spain is concentrated in western Andalusia and the Central Plateau, it is spreading to other regions. Production practices are similar in major growing areas, except that the recommended time for seeding varies from February to early May, depending on location. Nearly all of the sunflower sown in Spain is on dry land, and the crop may receive little or no rain after planting. Crops are usually harvested with grain combines equipped with sunflowerseed assemblies.

Open-pollinated cultivars are sown on about 30-40 percent of Spain's sunflower area. Peredovik is the main cultivar, but Smena and Issanka are also used.

Hybrid cultivars—mostly of U.S. origin—are replacing open-pollinated cultivars, mainly because of their resistance to downy mildew, the most serious disease affecting sunflowers in Spain.

The bulk of the Spanish sunflowerseed crop is processed by about 11 crushers, and most of the resulting oil and meal is consumed domestically. Spanish sunflowerseeds yield an average of 40 percent crude oil and 42 percent meal, with a protein content ranging from 36 to 40 percent. Per kilogram, the oil is more valuable than the meal, accounting for 75-80 percent of the crop's value.

Spain's consumption of edible vegetable oils in calendar 1979 totaled an estimated 736,100 tons, including 350,000 tons of olive oil, 223,000 tons of sunflowerseed oil, and 100,000 tons of soybean oil.

In recent years, consumers have increasingly relied on sunflowerseed oil to meet their edible oil needs, expanding sunflowerseed oil's share of total consumption from a little over 10 percent in 1970 to about a third in 1979.

In the same period, the soybean oil share—despite an 86 percent increase in soybean crushings—declined from 28.5 percent to 13.6 percent, mainly because of the establishment in 1977 of a Government quota limiting domestic consumption of soybean oil. The quota was set at 170,000 tons for 1977, cut to 110,000 tons for 1978, and to 100,000 tons for 1979.

Also, whenever domestic sunflowerseed oil has been in short supply, the Government has imported substantial quantities of this oil—despite the continually increasing availability of soybean oil.

Sunflowerseed oil, well accepted by Spanish consumers as an all-purpose edible oil, retails for the equivalent of about $1.37 per liter, well below the Government ceiling price of $1.51. In contrast, soybean oil is priced at about 98 cents, and average-quality olive oil at about $1.93 per liter.

Spanish feed compounders and livestock producers, responding to the availability of greater supplies of sunflowerseed, are using increasingly

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larger amounts of sunflowerseed meal.

However, the potential for a substantial increase in production hinges on these key factors:

- Continuation of the Government's protective policies in the face of sunflowerseed's competitive rivalry with olive and soybean oil, and
- The financial capacity of domestic crushers to continue operating at the break-even point or at a loss in the face of relatively low Government price ceilings for sunflowerseed and oil (which remain unchanged for the time being in anticipation of improved sales following Spain's planned accession to the European Community).

The Government holds a potential threat over the heads of producers and consumers in that it could at any time raise the retail price for sunflowerseed oil to narrow—or terminate—the price edge that sunflowerseed oil now holds over olive oil. □

Above: Harvesting sunflowers in Spain. In some areas, sunflowers are rotated with winter grains and pulses. Left: An oilseed crushing mill in Córdoba. Spain has expanded its oilseed crushing capacity substantially in recent years.

Spain's New Crushing Plants Shift Imports From Soymeal to Beans

Spain's expanding imports of soybeans, which reached a record 2.2 million tons in 1979, are expected to continue trending up during 1980, while imports of oilseed meal decline.

The United States may supply as much as 75 percent of projected soybean imports this year, as well as a sizable portion of the reduced soybean meal imports.

Last year, U.S. soybean exporters shipped about 1.7 million tons of soybeans to Spain, or 76 percent of the country's total soybean imports. Argentina reportedly supplied 440,000 tons, and Brazil 130,000 tons.

A major factor in this growing emphasis on soybeans was the start earlier this year of commercial production at two new soybean crushing plants in the Barcelona area, which are expected to add nearly 1 million tons to the existing 3 million tons of annual crushing capacity.

Spain's soybean meal production this year is projected at about 2.2 million tons. Crushers forecast Spanish consumption of soybean meal this year at about 2.34 million tons—about 3 percent more than in 1979.

Should crushers operate at over 88 percent of capacity or should consumption expand less than 3 percent, imports of meal would be reduced and stocks would accumulate—or Spain could, for the first time, become an exporter of soybean meal.

Spain's shift away from imported cake and meal and toward soybeans is expected to favor U.S. exporters of beans, as Brazil prefers to hold its beans for crushing and export the products.

The steady expansion in Spanish demand for oilseed and oilseed products in recent years is a direct result of significant increases in livestock and poultry numbers. To meet the increased demand for feed, total consumption of oilseeds and products this year is expected to reach a record 3.4 million tons—nearly 17 percent higher than the 1979 total.

Spain is expected to consume a record 2,564,000 tons of oilseed meal in 1980, compared with 2,503,000 tons in 1979.

Spain's total imports of oilseed cake and meal—mainly soybean meal—in 1979 totaled about 386,900 tons, down from 489,300 tons in 1978. The decline reflected an 8 percent increase in domestic output and sizable soybean meal carryover stocks.

Soybean meal imports this year are projected at around 150,000 tons, down sharply from the 380,000 tons imported in 1979, which were already 21 percent less than in 1978. U.S. exporters supplied about 235,000 tons of soybean meal in 1979—about 62 percent of total meal imports, compared with a share of 67 percent in 1978.

Exports of edible oils from Spain in 1979 totaled an estimated 385,000 tons, 5 percent more than in 1978. Soybean oil exports were an estimated 311,000 tons—the largest on record. Exports of edible vegetable oils in 1980 are forecast at 487,000 tons, of which soybean oil is expected to account for a record 375,000 tons.

The U.S. Government is negotiating with the Spanish Government, and is undertaking efforts in the General Agreement on Tariffs and Trade (GATT) to have Spain's restrictions on soybean oil consumption removed.—*Based on reports from Leon G. Mears, U.S. Agricultural Attaché, Madrid.* □

WORLD FOOD PRICES

General Increase Continues Despite Seasonal Declines

Lower consumer prices for fresh fruits and vegetables in Northern Hemisphere countries continued their moderating effect on total consumer spending for food during July/August.

Reports from FAS counselors and attachés in selected world capitals indicate that retail food prices on September 2 were generally higher than on July 1, despite the offsetting effects of seasonally lower prices for many items.

Prices highlights from FAS posts follow:

Bern. Prices for domestic broilers and fresh eggs were slightly higher than on July 1, while prices for fresh produce were seasonally lower. Fresh turkey roll from France now available at the equivalent of $4.74 per kilogram; fresh U.S. blueberries priced at $2.85 per pint.

Bonn. Pork prices generally weaker than on previous survey date, while broiler prices were relatively stable. Except for tomatoes, fruit and vegetable prices were generally lower.

Brussels. Sirloin steak prices advanced 1 percent to reach record high, but prices for cheaper cuts were unchanged. Broiler prices dipped 9 percent from their July high, mainly as a result of lower export demand and higher domestic production. Strong domestic and export demand for eggs pushed prices up 8 percent. Higher European Community prices are reflected in retail price advances for butter, cheese, and milk. Margarine prices rose 6 percent, following an increase in the value-added tax.

Short domestic supplies of tomatoes caused a 50 percent price jump. Onion prices were down 38 percent, reflecting normal seasonal conditions. Retail orange prices were up 29 percent from the July level, with Sunkist continuing to dominate the market. Sugar prices rose 6 percent, while coffee prices declined 7 percent.

Buenos Aires. Oranges were the sole item to be priced lower than in July. Prices for 12 items were higher, and prices for eight were unchanged. The price advances generally were in line with the 4.6 percent cost-of-living increase for July.

Canberra. Saleyard prices for young cattle suitable for the domestic market were unchanged to slightly lower. Prices for eggs and dairy products were increased in August, partly to reflect higher feed costs. Fruit and vegetable prices remained seasonally high. Vegetable crops have been adversely affected by dry weather, but

FAS Survey of Retail Food Prices in Selected World Capitals, September 2, 1980

[In U.S. dollars per kg[1] or units as indicated, converted at current exchange rates]

Item	Bern	Bonn	Brasilia	Brussels	Buenos Aires	Canberra	Copenhagen	London	Madrid	Mexico City	Ottawa	Paris	Rome	Stockholm	The Hague	Tokyo	Wash. D.C.	Median
Steak, sirloin, boneless	([2])	14.59	3.12	13.69	6.76	7.66	15.09	12.28	8.42	4.36	8.25	11.32	12.41	16.65	13.22	34.26	8.69	11.30
Roast, chuck, boneless	9.17	8.87	2.77	7.41	6.24	5.55	7.16	6.39	5.94	4.30	4.98	11.24	11.23	9.51	7.73	27.36	4.39	7.16
Pork chops	10.09	6.24	2.36	5.58	6.24	8.61	8.04	6.08	4.38	4.18	4.54	6.09	8.27	8.00	6.70	8.28	5.49	6.24
Roast, pork, boneless	([2])	7.03	3.82	5.79	8.32	4.67	6.78	4.85	7.32	5.05	3.86	7.01	8.27	14.19	8.00	9.50	3.64	6.89
Bacon, sliced, pkgd.	6.42	9.56	5.58	5.72	8.58	7.54	8.60	8.33	8.40	4.29	3.51	20.73	8.04	10.19	11.82	9.35	3.13	8.33
Broilers, whole	3.36	2.63	1.54	3.37	3.07	2.69	4.02	2.71	1.88	2.19	2.32	4.13	3.19	4.86	2.43	3.79	1.72	2.71
Eggs, dozen	2.69	1.68	.63	1.47	1.77	1.63	2.18	1.72	1.24	.91	.97	2.10	1.65	2.48	1.36	1.28	.99	1.65
Butter	8.71	5.14	3.16	5.40	6.76	2.69	4.70	4.26	8.88	4.45	3.31	6.16	5.70	4.20	1.21	6.31	4.96	4.96
Margarine	3.18	2.01	1.18	2.67	5.15	2.36	2.18	2.62	3.15	1.93	2.50	2.78	2.19	3.52	.40	2.93	1.00	2.50
Cheese, Cheddar	8.62	5.81	5.42	7.55	10.56	3.06	7.01	5.22	7.66	9.79	5.41	6.91	6.62	6.21	8.21	5.54	6.33	6.62
Milk, whole, liter	.83	.55	.34	.74	1.30	.58	.67	.71	.51	.38	.65	.63	.65	.59	.41	.97	.64	.64
Oil, cooking, liter	2.20	2.19	.74	1.79	3.46	2.24	3.03	2.05	1.49	1.29	1.95	1.80	1.11	5.33	1.37	1.75	[3]1.60	1.80
Tomatoes	2.20	1.90	.61	1.79	3.12	1.90	3.82	2.03	.61	.78	1.31	1.09	1.42	3.83	.82	1.79	1.63	1.79
Onions, yellow	1.10	1.06	.44	.56	1.25	.63	1.78	1.17	.43	.86	1.18	.97	.71	1.87	.61	1.10	.84	.97
Potatoes	.46	.39	.73	.28	.52	.27	.86	.33	.23	.60	.32	.32	.35	.75	.21	1.41	.53	.39
Apples	1.71	1.95	1.72	1.19	2.03	.74	2.05	1.61	.95	1.10	1.50	2.22	1.54	1.99	.77	2.83	1.15	1.25
Oranges	1.22	1.18	.19	1.40	1.25	.50	1.81	2.71	1.63	.55	1.08	.97	1.77	1.74	.98	2.92	.93	1.22
Bread, white, pkgd.	2.08	.82	.72	1.23	2.30	1.21	2.23	1.12	1.01	.76	1.00	2.52	1.89	2.63	1.81	1.76	1.30	1.30
Rice	1.16	1.51	.52	1.23	1.87	.91	1.94	1.50	1.22	.82	1.97	1.64	1.18	1.78	1.02	1.50	.88	1.23
Sugar	.92	.91	.36	1.23	1.46	.57	1.88	.87	.75	.59	1.20	.97	1.02	1.24	.94	1.31	2.12	.97
Coffee	8.80	12.34	2.73	8.42	11.86	11.65	9.46	11.95	7.42	4.57	8.00	9.06	9.57	8.27	7.38	14.16	6.37	8.80

[1]1 kilogram = 2.2046 pounds. 1 liter = 1.0567 quart. [2]Unavailable. [3]Price in Aug. issue of *Foreign Agriculture* should have read $2.17.

oranges are in plentiful supply and prices have been lower in recent weeks. Apples are in good supply.

Copenhagen. A boost in the value-added tax is now fully reflected in retail prices. However, pork prices are somewhat lower, reflecting weak export demand. Prices for milk, butter, and cheese advanced during the 2-month period. Onions, potatoes, and applies were priced lower than in July, reflecting abundant supplies. Lower coffee prices—Denmark is one of the world's highest per capita consumers of coffee—hailed by consumers.

London. Since the July 2 survey, beef prices have eased considerably in response to a seasonal rise in cattle marketings and the late arrival of summer weather. Tighter pig supplies have firmed pork prices, but broiler prices are relatively unchanged from the early July level. Fruit and vegetable supplies are seasonally plentiful. French Golden Delicious apples have been underselling U.K. Earlies. Food manufacturers have been warning that they cannot continue to absorb rising costs of labor, packaging, raw materials, and energy. Frozen foods, baked goods, and cereals are especially vulnerable.

Madrid. Except for broilers, eggs, and butter, retail prices generally remained stable during the 2-month period. Seasonal supply patterns resulted in sharply higher prices for oranges and lower prices for potatoes. Sugar prices are advancing, reflecting tightening world supplies.

Mexico City. Prices for all meats, eggs, cheese, onions, and potatoes were higher than on July 1. The Government authorized a 20-percent jump in egg prices. Prices for sugar and milk—which are also controlled—were unchanged. The value-added tax has been removed from butter, margarine, cheese, vegetable oil, and coffee.

Ottawa. Prices for all red meat items surveyed advanced sharply from July levels, reflecting stronger slaughter prices and a dramatic recovery in hog prices. Chicken prices advanced slightly. Butter and cheese prices were higher, reflecting a boost in prices paid milk producers. Prices for tomatoes and coffee were lower, but sugar prices continued their upward trend.

Paris. The July advance in the cost-of-living index is attributed mainly to price increases for tobacco products as well as continuing advances in transportation and energy costs.

Rome. Most prices were higher than on July 1. Beef and pork prices increased strongly during the period. Sugar prices rose about 10 percent. The only price decrease during the period was for potatoes.

Stockholm. There were no significant changes in prices between the July and September survey dates.

The Hague. Price reductions during the 2-month interval between survey dates overcompensated price rises. As a consequence, the total price of the FAS food package was 1.6 percent lower on Sept. 2 than on July 1 and only 0.7 percent higher than on the same date a year earlier. Lower prices for pork, apples, and onions were the significant contributors to the overall price drop. Prices for butter, eggs, and sugar advanced during the July/August period.

Tokyo. Egg prices were higher in September than in July as a result of production adjustment and lower imports. Vegetable oil processors are citing higher costs and tighter stocks, but retail oil prices remained steady as a result of adequate supplies at wholesale and retail. Onion prices are higher because of the smaller Japanese onion crop. Sugar prices are strong, while coffee prices have been declining in response to overseas market prices.

Washington. Prices of 13 items surveyed increased during July/August, while seven declined, and one (coffee) remained unchanged. Except for chuck roast, prices of all meat and dairy items rose during the period. Most fruit and vegetable prices declined. □

Food prices of selected commodites are obtained by U.S. agricultural counselors and attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

Record Orange Crop for Brazil

Brazil's booming orange production this year may jump about 10 percent over the 1979 level to a record 8.8 million metric tons—a result of good growing weather, improved yields, and additional trees.

However, exports of frozen concentrated orange juice—one of Brazil's important earners of foreign exchange—are forecast to hold at around the 1979 level of 330,000 tons.

Exports at this level could force an increase in juice stocks to an unprecedented 170,000 tons by May 1981.

The outlook is for a continued rise in Brazilian citrus production over the next 2-4 years. Further expansion depends on domestic and export demand for fresh fruit and concentrated juice.

However, if export demand for juice should fail to increase significantly, the industry will be prepared to stimulate domestic and export sales of fresh oranges. Relatively high demand from processors has thus far acted as a deterrent to development of the domestic market.

The potential for expanding domestic consumption of frozen juice is limited because of the relatively few Brazilian households equipped with refrigerators.

Producer prices are the key to the long-term citrus outlook for Sao Paulo, the major (70-80 percent of the Brazilian crop) producing State. If prices are attractive, expansion probably will continue to trend upward, but if producers find price levels too low, some citrus areas may be diverted to sugarcane or other crops.

Producer prices for the 1980/81 season have been set at the equivalent of 1.70 per 40.8-kilogram box. As part of the price agreement reached in July between citrus growers and the juice industry, a payment of 90 U.S. cents per box will be made to the producers on signing of a contract, 90 cents per box on or about February 28, 1981, and 90 cent per box in 45-day promissory notes when final deliveries are made.—*Based on report from Lyle J. Sebranek, U.S. Agricultural Officer, San Paulo.* □

LDC's May Need More Aid To Maintain Food Imports

By O. Halbert Goolsby

Caught between existing high foreign debt repayments, the spiraling cost of oil and many other imports, and probable slower growth in the volume and real value of their exports, the less developed countries (LDC's[1]) of Asia, Africa, and Latin America may be forced to limit their commercial agricultural imports in the near future—adversely affecting such exports to the LDC's by the United States, as well as other suppliers.

These factors could even create a need for more U.S. food aid.

Oil import costs have been—and will continue to be—particularly burdensome to the LDC's, although many highly developed countries such as the United States, France, Germany, and Japan also are feeling the oil squeeze.

After OPEC (Organization of Petroleum Exporting Countries[2]) quadrupled petroleum prices in 1973/74, the combined current-account deficit of the LDC's jumped from $9 billion in 1973 to nearly $21 billion in 1978. In 1979, after OPEC again doubled its prices, the current-account deficit of the LDC's rocketed to almost $43 billion. This year, it is estimated the LDC current-account deficit will soar even higher—to about $68 billion in 1980—and to around $80 billion in 1981.

Rising petroleum and borrowing costs have created the possibility that LDC's may see a further deterioration in their ability to pay for the food imports they require. They may also be unable to purchase sufficient fertilizer, seed, and equipment to boost food production enough to keep pace with their burgeoning populations. Or—in some cases—they might even be unable to maintain food output at current levels.

These possibilities—plus slower growth rates in exports to the industrial, developed nations—underline the possibility that some LDC's may need significant increases in food aid.

Past circumstances already have forced some LDC's to borrow more than was prudent. In the last 5 years, the LDC's increased the amount of their debt to foreign private banks by an average of $20 billion a year, and these banks have now become concerned about the creditworthiness of some LDC's. Reflecting their difficulties, the LDC's borrowed fairly significant amounts in 1979 on short- and medium-term bases from the International Monetary Fund (IMF)—the lender of last resort.

In that year, 38 of these countries drew $1.8 billion from the IMF's basic credit facility, compared with $1.3 billion drawn by 29 countries the year before. Including the cost of repaying prior loans, the LDC's increased their net indebtedness to the IMF by $840 million. In the first 5 months of 1980, net indebtedness has increased by $1.2 billion.

As of May 31, 1980, Turkey—with a mid-1979 population of 44.3 million—owed the IMF $1,137.6 million, for a per capita indebtedness of about $26. Peru had a total indebtedness of $773.6 million and a per capita indebtedness of about $45. Sri Lanka and Bangladesh each owed in the $250-$500 million range, while Egypt, Zambia, Korea, and Romania each owed the IMF more than $500 million.

To obtain IMF loans, borrowing nations must undertake programs that typically slow the pace of their economic growth and force a reduction in imports until the economy is viable on a long-term basis.

Private banks, too, feel more secure about lending to a country when it has adopted a stabilization program.

But even without these stabilization programs and loans, borrowing countries would be forced sooner or later to face the issues of trade deficits and other financial difficulties, although the adjustment period would take longer and the economic hardships would ultimately be more severe.

The developed countries, the primary source of financial aid to the LDC's, also are subject to most of the same economic pressures that affect their less developed trade partners. For example, West Germany's current account (trade, services, and transfer payments) was in the red by $4.9 billion last year, the first such deficit since 1965. In 1980, the deficit is forecast to reach $11 billion.

German authorities are expected to keep tight rein on their country's economy, in part because of the country's external position. As a consequence, growth will be about 2.5 percent this year—compared with 4.4 percent in 1979. For Western Europe as a whole, the Organization for Economic Cooperation and Development (OECD) expects no growth at all over the next 12 months.

Japan's current-account deficit in 1979 was a record $8.6 billion, compared with a record surplus of $16.5 billion the year before. In most past years, Japan's large trade surplus more than offset a sizable deficit on services. However, the soaring price of crude oil, petroleum products, and some other industrial raw materials cut the trade surplus to $2 billion. Consequently, the surplus was not enough to offset this large deficit on services. Furthermore, as a result of all international transactions, Japan's reserves dropped 40 percent to $19.5

[1] *Unless otherwise noted, the term LDC's refers to the nonoil-producing less-developed countries.*

[2] *OPEC consists of Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.*

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billion—enought to cover imports for only 2.3 months.

On the North American Continent, Canada incurred a $4.3 billion current-account deficit in 1979 and faces an estimated $5 billion in 1980. While the U.S. deficit should not be so large (about $2.5 billion), the United States is expected to continue its tight policies to slow inflation.

In addition to slower growth in commercial farm exports to the LDC's, the United States faces problems in exporting to East European countries. The UN Economic Commission for Europe (ECE) cities the area's high levels of foreign debt, rising petroleum imports which must be paid in hard currency, supply bottlenecks, and other restraints on economic growth as reasons underlying a possible cutback in Eastern Europe's total imports.

Jointly the 13 members of OPEC boosted their earnings from petroleum exports by 42 percent in 1979 to about $207 billion, and earnings are expected to be even greater in 1980. But it is impossible currently to use all of these earnings for greater agricultural and nonagricultural imports, so there is little immediate help to be expected from this quarter.

Since some of the OPEC countries have relatively small populations, their food imports are held to minimal levels. In addition, there are physical, economic, and admininstrative problems that limit the ability of most OPEC countries to import and distribute large quantities of such items. All factors considered, it is estimated that the OPEC countries will earn about $115 billion more in 1980 than they will spend on goods and services, up from about $68 billion in 1979, and the surplus will be similarly large in 1981.

Thus, a practical basic step to help solve the economic problems of the LDC's and keep their export trade strong would be to upgrade OPEC-country infrastructures so that these countries could import larger volumes of foods and other products from the LDC's. But this, of course, will require some time.

In the meantime, direct credit allocations can be used to buttress the economies of the LDC's. Financial assistance is available from the multinational institutions such as the IMF and the World Bank. The IMF will have at least $5 billion in additional funds available for lending as soon as quota increases are approved.

Approximately $1.2 billion is presently available automatically upon request to the nonoil developing nations from the IMF. However, over 60 percent of the funds are available to only five LDC's (India, Brazil, Argentina, Malaysia, and Colombia). Most other LDC's have already used their automatic drawing rights.

In addition, the sale of IMF gold yielded just over $4.6 billion. About $1.3 billion of the total will be distributed directly to the LDC's, and the balance is being made available to the LDC's at relatively low interest rates. Additional funds are also available to LDC's under various circumstances from other IMF facilities.

In total, the IMF made about $4.9 billion available to LDC's in 1979, or more than 75 percent of its lendings to all nations.

The traditional policy of the World Bank has been to provide funds for specific development projects rather than for balance-of-payments assistance. Recently, however, the Bank began to place greater emphasis on financing to help offset balance-of-payment shortfalls of countries pushed into a deficit position by higher petroleum costs. Under this approach, the Bank, for the first time, is providing financial aid specifically to increase exports and reduce imports. The Bank is expected to earmark about $800 million annually for this purpose.

However, World Bank and IMF funds will make only a small dent in the current-account deficits projected for the LDC's for the next few years. But the LDC's may receive more direct financial aid from individual OPEC countries.

In 1978 and 1979, eight Arab development funds extended loans to LDC's of about $1.3 billion each year. In view of the tremendous OPEC current-account surplus expected in 1980—and further into the future—Arab lending for economic development in LDC's may increase significantly. In fact, one Arab fund has already agreed to boost its efforts.

Other bright spots are the public statements supporting increased flows of financial assistance to the LDC's made by OPEC oil ministers at the end of their May meeting in Saudi Arabia.

Other OPEC actions include a loan of about $4.2 billion to the IMF to finance the Fund's Supplemental Financial Facility. □

Indebtedness to the International Monetary Fund (IMF), Per Capita Gross National Product, and Population of Selected Less Developed Countries[1]

Country	Indebtedness to IMF (as of 5/31/80)			Per capita GNP, 1978	Population, mid-1979
	Total	Loaned under basic credit facility			
		Value	Share of quota[2]		
	Mil. dol.	*Mil. dol.*	*Percent*	*Dollars*	*Millions*
Bangladesh	372.0	263.6	32.3	90	85.7
Bolivia	113.7	79.7	35.2	510	5.4
Burma	162.5	161.3	68.5	150	32.9
Dominica	5.0	3.8	50.0	440	.1
Dominican Rep.	138.1	108.2	50.0	910	5.3
Egypt	587.2	390.2	30.8	400	38.7
Gabon	59.3	59.0	50.0	3,580	.5
Korea	544.9	321.9	53.4	1,160	37.6
Mauritania	56.0	28.5	27.7	270	1.6
Mauritius	113.2	66.7	88.6	830	.9
Peru	773.6	384.0	78.5	740	17.3
Romania	755.4	428.3	33.3	1,750	22.1
Sierra Leone	76.5	57.4	41.4	210	3.4
Somalia	38.4	38.0	26.1	130	3.5
Sri Lanka	446.5	269.5	72.7	190	14.6
Turkey	1,137.6	473.9	80.7	1,210	44.3
Uganda	136.4	82.4	25.6	[3]	13.2
Zambia	650.2	508.9	175.2	480	5.7

[1]Listed countries have faced serious external financing difficulties and have undertaken stabilization programs to bring domestic demand in line with their long-term ability to import. [2]Except under special circumstances, IMF rules do not permit a country's indebtedness to equal more than 100 percent of its quota. [3]Not available.

Foreign Trade Booming In ASEAN Countries

By Brenda Freeman

Foreign trade is booming in the five-country Association of South East Asian Nations (ASEAN).

Although ASEAN members (the Philippines, Indonesia, Malaysia, Singapore, and Thailand) conduct about 80 percent of their total trade with the United States, Japan, the European Community (EC), and other traditional trading partners, several economic development projects have been launched to expand trade within the ranks of ASEAN members.

Exports of agricultural products from ASEAN countries to the United States jumped 200 percent to $1.9 billion between 1972 and 1979, while U.S. farm exports to the five countries surged ahead by 176 percent to $898.2 million during the period.

Major U.S. agricultural exports to ASEAN countries in 1979 were wheat and wheat flour ($275.9 million), cotton (including linters) and raw silk ($219.9 million), and tobacco ($91 million).

In 1979, ASEAN countries supplied about 14 percent of U.S. tea imports ($17.5 million), 99 percent of natural rubber imports ($824.4 million), and about 93 percent of imported coconut oil ($365.6 million).

In addition to agricultural exports, ASEAN countries supply most U.S. tin imports. Also, Indonesia is an important supplier of petroleum and natural gas, and represents a reasonably stable source of supply for these commodities.

On March 30, 1980, Indonesia was designated eligible for preferential duty-free tariff treatment under the U.S. Generalized System of Preferences, after concluding a bilateral agreement with the United States and agreeing not to withhold petroleum.

ASEAN ties with the United States are expected to remain strong, even as member countries seek to realize their economic and political goals. For example, at the first ASEAN-U.S. business conference, held in Manila during July 1979, the ASEAN-U.S. Business Council was established. The Council, which is administered by the U.S. Chamber of Commerce and the ASEAN Chambers of Commerce and Industry, has committed itself to several projects for economic advancement, including technology transfers between the United States and ASEAN countries and a study of investment opportunities in the member countries.

Although ASEAN was formed more than 13 years ago, its economic coming of age dates from 1976, when the first ASEAN summit meeting was held in Bali. Since that meeting, the Association has formulated a number of economic development projects—all designed to expand trade between and among ASEAN members at the expense of trade with nonmember partners.

However, trade development has not followed the intended pattern as far as nonmember countries are concerned. ASEAN today conducts about 80 percent of its trade with nonmember countries, and maintains strong trade ties with the United States, Japan, and the European Community (EC)—all traditional developed-country trading partners for ASEAN members.

In 1977 (the latest year for which data are available) about 25 percent of ASEAN trade was with Japan and 14-plus percent with the EC. The United States took 21.5 percent of ASEAN exports and was source for 13.5 percent of its imports.

Economic growth in ASEAN countries is among the world's fastest, averaging around 7.5 percent in the 1970's and projected at 5-8 percent annually during the next 20 years.

Indonesia and Malaysia have vast reserves of untapped natural resources that can enhance both their domestic economic development and their shares of world trade.

Singapore serves as the region's trading and industrial center, and enjoys its highest per capita income—in 1978, the equivalent of $1,093.

The Philippines and Thailand,

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In Indonesia—one of the five ASEAN member countries—workers in West Java repair a secondary canal. Irrigated farm area has been expanded significantly in Indonesia during recent years.

besides having rapidly rising per capita incomes—in 1978, $509 and $491, respectively—occupy strategic trade locations in the Far Eastern community of nations.

The combined population of ASEAN countries totals about 250 million, and is increasing yearly about 3.4 percent. Although efforts are being made to slow the advance of the birth rate, growth will serve to stimulate demand for some time to come.

Diverse in their economic and political makeup but united in their desire for regional economic cooperation, the ASEAN partners began their cooperative effort in 1967 with the signing of the Bangkok Declaration. ASEAN came into being with the objective of cooperative promotion of regional development without sacrifice of national identities and priorities.

Although ASEAN's early years saw some political dissention and regional instability, the Bali summit meeting in 1976 proved to be the catalyst for change with its agreement on fundamental guidelines for economic cooperation.

One project deriving from the Bali summit meeting was a regional industrial projects package, calling for joint development of ammonia-urea ventures in Indonesia and Malaysia, phosphatic fertilizer in the Philippines, diesel engine production in Singapore, and rock salt-soda ash in Thailand.

As part of the package, each country agreed to provide 60 percent of the capital for its own plant, with other ASEAN members contributing 10 percent to the respective ventures.

Equity capital was to provide about 30 percent of each project's total cost, with the rest to be borrowed abroad.

In 1977, the five members also agreed to establish ASEAN Preferential Trading Arrangements (PTA's) as a means of encouraging regional trade. The important elements of the PTA's are long-term quantity contracts, preferential interest rates, preference in government procurement, extension of tariff preferences, and preferential liberalization of nontariff barriers.

Long-term quantity contracts. These contracts cover selected products covered by the specific agreements among ASEAN members. They are of 3 to 5 years' duration, and in some cases are subject to annual review. Basic commodities—especially energy and food—are a proposed area for cooperation.

For example: Indonesia has informally guaranteed other ASEAN nations it will supply petroleum in times of shortages, and in August 1979, the five ASEAN countries agreed to establish a 50,000-ton regional rice reserve to help member countries meet their domestic needs in the event of crop failure. Thailand is to contribute 15,000 tons; Indonesia and the Philippines, 12,000 tons each; Malaysia, 6,000 tons; and Singapore, 5,000 tons. No floor or ceiling prices have been established.

Preferential interest rates. Financial support for imports and exports to and from ASEAN members is provided by relatively low interest rates. To be eligible, products must meet ASEAN rules of origin that emphasize local content, rather than nationality or ownership by domestic enterprises. Also, the products must be covered by preferential trading arrangements.

ASEAN banks have presented two proposals to stimulate intra-ASEAN trade by providing the needed capital for the financing program. The first proposal is for the creation of an ASEAN Financial Corporation to provide capital and services to business ventures that produce for the regional market.

The other proposal recommends creation of a bankers' acceptance market to promote regional trade by giving ASEAN-produced items a cost advantage. These acceptances would be negotiable bank-backed credit instruments, which typically finance import orders. A banker's acceptance guarantees the seller of a commodity payment for the goods before the buyer is able to pay by making the bank liable for the transaction.

Creation of a bankers' acceptance market will require coordination among ASEAN central banks.

Preference in government procurement. Such a preference would allow pre-tender notices to be sent to ASEAN members, and would authorize a 2.5 percent preference margin, not to exceed $40,000 for ASEAN members.

Extension of tariff preference. Preferential tariff liberalization among ASEAN members has been a very active area. In January 1978, the ASEAN economic ministers identified 71 commodities as eligible for preferential treatment. Fifty of these were chosen by voluntary offers, 10 for each country—with the rest chosen through a request-offer procedure in which a country would make an offer and in exchange request a concession from another country.

Since January 1978, the list of commodities eligible for preferential tariff treatment has grown to more than 4,000 items.

Liberalization of nontariff barriers. The Regional Industrial Clubs (RIC's) provide first-line identification of products to be recommended for preferential tariff treatment. RIC's represent specific industries in the private sector. Their recommendations are forwarded to the Working Group on Industrial Complementation, a group composed of industry representatives. The working group's purpose is to harmonize private-sector efforts in the area.

ASEAN Exports by Destination, 1976 and 1977

Destination	1976		1977	
	Mil. dol.	*Percent*	*Mil. dol.*	*Percent*
Japan	6,743.2	26.0	7,800.4	24.5
United States	5,543.9	21.4	6,832.6	21.5
European Community	3,794.7	14.6	4,582.7	14.4
World	25,972.5	100.0	31,807.5	100.0

ASEAN Imports by Origin, 1976 and 1977

Origin	1976		1977	
	Mil. dol.	*Percent*	*Mil. dol.*	*Percent*
Japan	5,885.6	22.8	7,054.1	23.7
United States	3,946.2	15.3	4,024.6	13.5
European Community	3,746.6	14.5	4,370.3	14.7
World	25,768.8	100.0	29,760.5	100.0

Recommendations from the working group are channeled to the ASEAN economic ministers, who hold quarterly meetings at which each country presents a list of about 100 commodities on which ad valorem rates of duty could be reduced.

Tariff reductions are negotiated on the basis of the 7-digit Brussels tariff nomenclature. The average tariff preference has been around 10 percent. For selected, unbound commodities with a zero duty rate, the rate was bound at zero.

Negotiated concessions apply to all ASEAN countries. No reference has been made to time limits for the preferences, which include agricultural as well as industrial commodities.

Types of agricultural preferences granted by ASEAN countries as of March 1979 follow:

Indonesia: Powdered dairy products such as skim milk and cheese, boneless meat of bovine animals, fresh fruit such as pears and grapes, dried grapes and tamarind, and raw sugar.

Malaysia: Fish oils such as cod liver oil, halibut oil, and whale oil; beans and peas; and tea or mate extracts.

Philippines: Meat or offal from bovine cattle, green and yellow mongo beans, maize, crude and refined palm oil, and palm kernel oil.

Singapore: Dairy products such as frozen milk and cream, frozen vegetables, fresh apples and berries, and bread.

Thailand: Soy bean sauce and licorice extract.

While the use of PTA's is to stimulate regional trade through preferential tariff liberalization and thus to complement national development objectives while attempting to make regional trade more attractive by selective liberalization, the PTA's have been criticized as an ineffective means for increasing regional trade, as the depth of the cuts may not make the preference meaningful.

The commodity-by-commodity approach adapted by ASEAN has been subject to protracted debate without yielding substantial results. Proposals for across-the-board tariff cuts have been rejected, however, by less developed ASEAN countries, which fear their factories would be unable to withstand competition from the more industrialized ASEAN trading partners.

Another criticism relates to the possible selection of products having insignificant trade value. Responding to this criticism, ASEAN now requires that items offered for preferential tariff treatment be commonly imported and have a retail value greater than $1 million. However, the scope of tariff reductions recently was extended to items of lesser trade value. At the ASEAN economic ministers' conference held in Singapore during April, the participants agreed to reduce by 20 percent current tariffs on items under preferential trading arrangements and have a trade value of less than $50,000.

PTA's were implemented in part to augment the low levels of intra-ASEAN trade. Interregional trade as a share of total ASEAN trade declined from 13.5 percent in 1977 to 12.7 percent in 1978. Overall trade among ASEAN countries remains at a modest level, while the preponderance of ASEAN trade is concentrated with developed-country trading partners.

Although PTA's have not been in operation long enough to assess impact on intra-ASEAN trade flows, it is evident that they have not spurred a dramatic increase in intra-ASEAN trade. In 1978—the first year of their implementation—intra-ASEAN trade as a share of ASEAN world trade declined slightly.

However, the disappointing level of intraregional trade that year overlooks the trend of expanding trade in manufactured goods among ASEAN members.

In light of ASEAN's trade links with its developed-country trading partners and the major components of that trade, it seems unlikely that U.S. agricultural exports to ASEAN countries will be adversely affected by ASEAN trade preferences. □

Belgium Jumps VAT On Margarine

Belgium's recent sharp boost from 6 to 16 percent in the value-added tax (VAT) on margarine—but not on butter—could, if not curbed, set a pattern for other European Community (EC) countries.

Although the General Agreement on Tariffs and Trade (GATT) limits the level of taxes that member countries can apply on imports to the level of similar taxes on like domestic products, Belgium has now joined France and Luxembourg in setting a higher VAT on margarine (prepared largely from imported materials) than on butter (prepared entirely from domestic supplies).

Denmark maintains a 22 percent VAT on all vegetable oils and butter, West Germany a 6.5 percent VAT, the Netherlands 4 percent, and Italy 2 percent. The U.K. and Ireland apply no VAT to these products.

In addition to the GATT prohibition against discriminatory tax levels for like products, the question of compliance with Article 95 of the Treaty of Rome (which provides for establishment of the EC) has been raised.

Should the discriminatory tax levels go unchallenged, the EC butter interests can be expected to push for similar measures in other EC countries, which would have the effect of imposing the equivalent of an import duty on a major segment of EC vegetable oil consumption and thus opening new markets for butter and olive oil.

The Belgian Government has stated that it increased the VAT on margarine as a revenue-raising measure, but it is noted that the Government's need for revenue did not extend to butter.

A typical ingredient formulation for Belgian margarine includes the following component items (with shares in percent) on a product-weight basis: Soybean oil, 40; corn oil, 5; sunflowerseed oil, 10; palm oil, 27; fish oil, 10; tallow and other animal fats, 5; and rapeseed oil, 3.

The soybean, sunflowerseed, and corn oils consumed in Belgium are largely of U.S. origin, while the palm oil may originate in southeast Asia or West Africa. If any domestic materials are used, they would tend to be limited to rapeseed oil or animal fats—well below 10 percent of the total.—*George E. Wanamaker; Oilseeds & Products Div., Commodity Programs, FAS.* □

Hungary's Farm Sector Strives To Meet Ambitious Goals in 1980

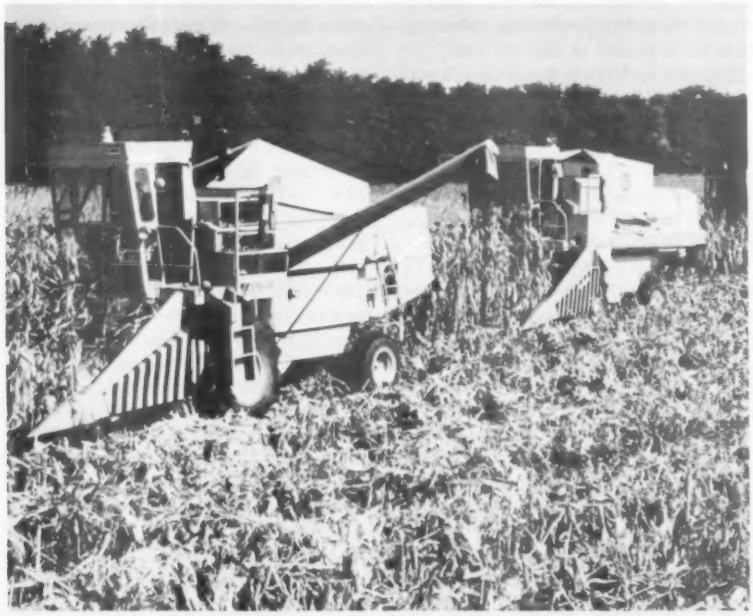
For the Hungarian farm economy, 1980 is a year of difficult transitions.

Not only must agriculture make up for 1979's crop production shortfalls, but it also must increase annual output as envisioned earlier to stay on course for the 5-year production target set for the end of the calendar year.

Moreover, many farm enterprises will have to step up levels of production efficiency or face reduced returns or even losses—a hard task in the face of substantial increases in prices paid for seeds, fertilizer, and other inputs that will be only partly offset by higher producer prices.

Hungary's 1980 economic plan calls for a 5-5.5 percent expansion in farm output—including a 12 percent jump in grain production from the 1979 level to 13.5 million tons—a 3.5-4.5 percent rise in industrial output, a 3-3.5 percent gain in national income, and a 1 percent increase in personal consumption.

Because of higher farm costs and lower consumer demand resulting from higher prices, farm goals will be difficult to achieve. Agricultural production resources will have to be utilized more effectively and with a higher degrees of efficiency than has prevailed thus far.



Harvesting corn on a state farm near Budapest. Although Hungary's corn production in 1979 was a record 7.42 million tons, exports are at a relatively low level. Most available corn is being channeled to domestic feeding.

In laying the foundations for improvement of the country's economic balance, the Government is emphasizing not only greater efficiency in production, but also expanded exploitation of economic resources and extensive austerity through further moderation of internal consumption.

In line with these official exhortations, Hungarians face the prospect of still higher consumer prices during 1980 on such goods and services as energy, appliances, cosmetics, and toiletries, which will be only partly offset by lower prices on such items as clothing and textiles.

In 1979, U.S. exports of agricultural products to Hungary sank to $27.5 million from $52.1 million in 1978. Corn and soybean meal accounted for most of the drop. Because of its good corn crop, Hungary bought no corn from the United States and lower prices for Brazilian soybean meal cut imports of U.S. soybean meal.

U.S. imports from Hungary rose by $3.5 million to $35.8 million in 1979. Although imports of canned ham—the main item—dropped nearly $3 million, this was more than offset by a $4.1-million increase in Hungarian cheese exports to the United States. U.S. imports in the livestock-and-meat category rose by $2 million in 1979 from the 1978 level.

The situation and outlook in Hungary for major commodity groups:

Dairy, livestock, and poultry. Despite a reduction in cow numbers during 1979 from 790,000 to 780,000, milk production continued its steady rise—a result of the continuous cross-breeding with Holstein-Friesian stock that started in 1972. Milk output jumped from 1.8 million tons in 1975 to the 1979 level of 2.5 million tons.

With an expected increase in milk

procurement by marketing agencies during 1980, cheese production should grow to about 38,000 tons to meet larger foreign demand, especially in the Middle East. Butter output is expected to remain at about 30,000 tons.

An estimated 1,950,000 head of cattle were on farms at the end of 1979, 16,000 fewer than on the year-earlier date. Herd reduction is expected to continue during 1980. Although imports of cattle during 1979 were small compared with volume of earlier years, large amounts of semen from the United States and Canada continue to be imported.

Although there is strong demand for imports of at least 1,000 head of Holstein-Friesian heifers during the current year, it appears doubtful that the Government, which is trying to hold down its hard-currency expenditures, will make such purchases.

Hog numbers at the end of 1979 were estimated at 8,370,000 head, 357,000 more than on the year-earlier date. The total may decline slightly by the end of 1980.

Pork supplies are expected to shrink during 1980 as a result of a small decrease in hog slaughter and price measures that resulted in marketing lower weight hogs.

Exports of chilled pork in 1980 should again total about 50,000 tons. A slight reduction in 1980 is foreseen in domestic consumption from an estimated 42 kilograms per capita in 1979.

Sheep numbers have expanded rapidly in recent years in response to good export demand. At the end of 1979, the total flock was an estimated 3.05 million, up 5 percent from the year-earlier total. Demand for Hungarian slaughter sheep continues to be strong in Western Europe and the Middle East.

Poultry numbers declined during 1979 because of unprofitable operations for broilers and eggs. Poultry meat production was about 313,000 tons. Exports rose about 6 percent during 1979 to 128,000 tons. As a result of new producer prices introduced on January 1, poultry production this year could reach a higher level than in 1979.

Grain and feed. The total 1979 grain harvest was about 12 million tons—10 percent below the previous year's total. Wheat output was only 3.7 million tons, against the planned target of 5.6 million tons. Because of the poor wheat crop, Hungary was unable to meet its total export commitments and was obliged to offer other products—such as sunflowerseed—instead. Even so, wheat exports—drawn partly from stocks—amounted to 541,000 tons.

Wheat production for 1980 is targeted at 5.6 million tons. If reached, this volume would permit export availability of 900,000-1 million tons during 1980/81. However, replenishment of reserves could impede the export movement of large quantities of wheat.

Although corn production in 1979 was a record 7.42 million tons, Hungary will not be able to export large quantities of corn during the present season. Because of a small grain crop, most available corn is being used for feeding.

Rice production during 1979 rebounded from 1978's poor harvest of 23,000 tons (paddy) to about 43,000 tons. Hungary imported 21,000 tons of milled rice during 1979, mostly from the Mediterranean area and China. If weather permits, this year's harvest could reach 45,000-50,000 tons.

Oilseeds and products. Sunflowerseed, rapeseed, soybeans, and flax are Hungary's main oilseeds. Sunflowerseed in 1979 accounted for 80 percent of the total oilseed outturn. Production was a record 416,000 tons—nearly double the 1978 harvest. The 1980 crop may be in excess of 400,000 tons.

Exports in 1979 jumped to 126,000 tons—double the 1978 volume.

Crushing operations during 1979 exceeded 86,000 tons, up from 74,000 tons in 1978. Since seasonal crushing ran well into 1980, this year's oil exports will show even larger gains than in 1979.

Fruit. Total fruit production in 1979 fell short by about 20 percent of the 1.44-million-ton target. Apple and pear crops were better than 1978's, but plums, apricots, and some other fruits were extensively damaged by freezing weather.

Cotton. Hungary's cotton textile industry must import all of its raw cotton needs. Cotton imports in 1979 declined to 95,400 tons from 99,300 tons in 1978, but could increase in 1980 because of higher domestic demand for textile goods resulting from reduced consumer prices.—*Based on dispatch from Nicholas M. Thuroczy, U.S. Agricultural Attaché for Hungary.* □

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Japanese Rice

Continued from page 9

relies heavily on support from rural areas and therefore has been willing to give farmers what they want. The political power of Japanese farmers is magnified by election districts that have not been reapportioned in 30 years.

Because of population shifts, rural districts sometimes have up to three times more representatives per person than urban district. Today the LDP no longer has the strong majority in the Diet that it once had, and the support of farm voters therefore has become vital to its future existence.

Despite these political pressures, the Japanese Government is attempting to rationalize its rice program. The support price for rice was not increased significantly in 1978 and 1979, and this year the increase was held to just 2.3 percent.

Still Japan in 1978 was 113 percent self-sufficient in rice production, and average farm household incomes were higher than household incomes for urban workers.

To the extent that Japan exceeds its policy goals, resources are not being used efficiently. It would thus seem to be in Japan's interest to reduce rice production by stepping up the diversion program or finding some less expensive way to maintain farm income, such as a pension program for older farmers who agree not to produce rice. □

FACT FILE

The EC's CAP and U.S. Trade

(This is the second of a two-part series on the EC's CAP. The first appeared in *Foreign Agriculture*, Sept. 1980.)

The purpose of the CAP's external trade policies is the promotion and maintenance of EC producer incomes, by insuring that target prices for each commodity are protected from fluctuations in world prices and the detrimental effects of domestic surpluses.

The CAP on grains provides a good example of how the system works. A desired wholesale price for EC producers (the "target price") is set for the most grain-deficient area in the EC, which is taken to be Duisburg, West Germany. A "threshold price" is determined by subtracting the transport costs from Rotterdam. When the c.i.f. world price at Rotterdam is below the threshold price, an import levy is applied to bring the cost of imported grain at Rotterdam up to the threshold price. In effect, the levy "skims off" any price advantage held by the imported grain. Domestic production is further supported by government purchase or intervention at prices set in relation to the principal producing areas.

The system goes into reverse when threshold prices are below world prices, applying an export levy on EC products to prevent supply shortages within the Community.

When maintenance of target prices requires exporting (as when there are surpluses), the EC pays a refund or subsidy to exporters to enable them to sell their goods profitably overseas at competitive prices, and to reduce EC-purchased intervention stocks.

U.S. Exports to the EC

The United States exported $7.4 billion in agricultural products to the EC in fiscal 1979, amounting to a substantial 23 percent of total U.S. agricultural export sales. The principal export commodities are oilseeds, especially soybeans, followed by grains and then tobacco.

The effects of the CAP's system of levies on imports into the EC are difficult to quantity. The EC maintains that the CAP has not been a barrier to trade, pointing out that between 1963 and 1972, imports from non-EC countries doubled, while world trade as a whole increased only about 60 percent.

But while U.S. exports to the EC also doubled during the same period, they grew at a substantially slower rate than exports to the rest of the world 115 percent versus 174 percent. This fact has been used to support the claim that the CAP has injured U.S. exports across the board. The counter argument is made that since the EC countries were already established trading partners compared with the rest of the world, it was to be expected that exports to the EC would increase more slowly.

In the aggregate, the growth of U.S. exports of variable levy commodities compares well with the increase in nonvariable levy commodity exports, and U.S. producers may take small comfort in knowing that the United States has at least maintained its share of total EC agricultural imports from outside the Community. (See graphs)

Although it stands to reason that the CAP's protective import barriers can only hurt U.S. agricultural exports to the EC, it is only at the level of individual commodities that the effects of CAP policies can be clearly documented.

The Chicken War

Before 1962, for example, U.S. poultry exports had enjoyed preferential treatment in several European countries. When the CAP for poultry went into effect in 1962, it required the imposition of an EC-wide system of minimum import prices and both variable and supplementary levies on poultry imports. In the following year, levies on imports into West Germany, the largest U.S. poultry market in the EC, rocketed from 4.5 to 13.5 cents a pound. As a result, the Netherlands, previously a poultry importer, has become the world's largest exporter, chiefly by supplying the protected German market.

This was the first round in what came to be called the "Chicken War." Asked to review the resulting U.S. complaint, a General Agreement on Tariffs and Trade (GATT) finding determined that the U.S. poultry industry had been hurt that year to the tune of $26 million. In the meantime, the United States responded by imposing punitive levies on imports of EC brandy, automobile trucks, potato starch, and dextrine.

Skirmishing continued until just recently, when in January the United States lifted these punitive tariffs in response to concessions from the EC on its CAP for turkey.

Though the import levy is the most prominent, there are other obstacles to U.S. exports created by the EC's agricultural policies, especially its trade agreements with other countries.

The CAP and U.S. Tobacco

The CAP on tobacco is designed to be one of the least trade-restrictive, since the EC depends on tobacco imports for three-fourths of its needs. EC domestic producers are protected through a system of subsidies rather than by levies on imports.

But under the Lome Convention (signed with 46 countries), as well as the EC's generalized system of preferences for developing countries and Association agreements with Greece and Turkey, flue-cured tobacco from a number of countries other than the United States enters the EC duty-free or at reduced rates. This has increased the relative price difference of the already-expensive U.S. tobacco, playing a part in the sharp decline in the U.S. share of the EC tobacco market. That share might drop even more now that Zimbabwe, one of the world's top five flue-cured tobacco producers, also has duty-free access to the EC.

EC Export Subsidies

The CAP's use of export subsidies has been a particularly troublesome trade issue between the EC and the United States.

The growth of EC agricultural exports has been only a fraction of U.S. export growth. Between 1967 and 1977, U.S. agricultural exports grew 317 percent, compared with 122 percent for the EC.

Nevertheless, the United States has consistently maintained that export subsidies have created unfair advantages for EC producers in the international marketplace. Subsidies of exports onto the world market are an unfair trade mechanism in two ways. The first is that they allow overproduction in the EC without respect to domestic or world demand, and without economic penalty for EC producers. When subsidies are used to move surpluses out of the EC, the resulting decline in world prices is borne by producers in other countries, like those in the United States, who are not cushioned against fluctuations in world prices. Thus, countries like the United States bear the burden of EC price policies that require the use of heavily subsidized exports. This has been especially true of the Community's exports of grain, with wheat currently subsidized at $75 a metric ton. EC grain exports in the coming year are expected to be nearly three times their 1970-71 level.

The EC's export subsidies can also affect U.S. producers more directly by undercutting the price of American products in individual markets that the United States has painstakingly developed, or by preventing the entry of U.S. goods into new markets.

The EC's Middle East Market

Although hard documentation comparing the prices of EC-subsidized and U.S. products is difficult to gather, indirect evidence of the unfair advantages of subsidies is in some cases overwhelming.

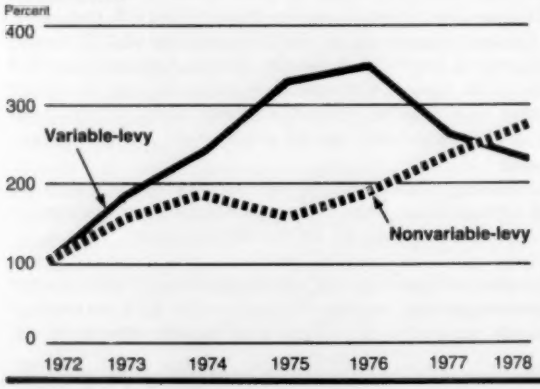
Beginning in the early 1970's, the oil-rich countries of the Middle East became a booming market for agricultural goods, and between 1973 and 1978, U.S. exports of whole chickens to the region increased 21 times, to 3,274 tons. During that same period, the EC's exports of whole chickens rose only 900 percent, but to 144,508 tons, consuming the largest share of the lucrative Mideast market.

There are other factors besides subsidies involved in the EC dominance of the Middle Eastern poultry market, including proximity and some traditional colonial ties. But the EC itself tagged its subsidy program as an important tool for targeted market growth when in 1974 it began limiting its subsidies on whole chicken exports to specific regions, notably those countries in the Persian Gulf area. Since 1975, its expenditures for chicken export subsidies have climbed from $4.95 million to $39.6 million in 1978. The refund on whole chicken exports now stands at $26.79 per 100 kilograms.

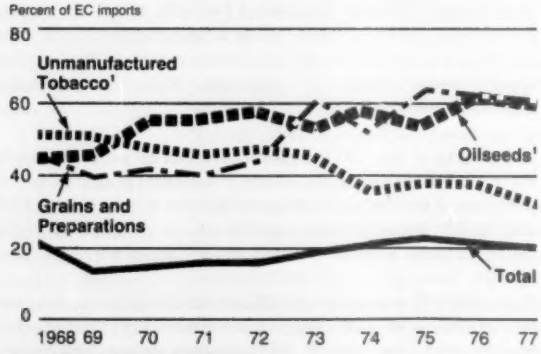
The New Subsidies Code

As a result of the Tokyo round of the Multilateral Trade Negotiations, the GATT now contains a much stricter Subsidies Code, and several U.S. exporters have recently brought complaints charging violations by the EC. It is too early to tell what success the new code provisions may offer in restraining the EC's use of export subsidies.

Growth of U.S. Exports to the EC, Variable-Levy and Nonvariable-Levy Commodities, 1972-78 (1972 = 100)



U.S. Exports to the EC-9 as a Percentage of Total EC Imports, 1968-77 (excluding intra-EC trade)



Compiled from U.N. Trade Data Summaries
[1]Oilseeds and tobacco—no variable levy.

India

Increased Imports Authorized For Some Food Commodities

Hand harvesting is still important in some production areas, as in the harvesttime scene above in Uttar Pradesh.

India's 674 million consumers are benefiting from several recent changes in Government food policies, including increased imports of vegetable oils, pulses, and sugar, and a price holddown on grains and grain products. A resumption of grain imports in 1981 is a possibility.

The policy changes are intended to accommodate the combined effects of the 1979 drought, inflation, and expanding population.

The sharp setback in India's grain production caused by the 1979 drought has caused food shortages in some parts of central India. The average daily Indian diet in 1980 probably contains only 2,100 calories—4 percent fewer than in 1979.

Despite India's record of success in expanding grain production in recent years, the average Indian diet in 1979 contained but 2,185 calories—5 percent more than the 1969 average.

The Green Revolution was launched in 1968, and during early 1972 India for a short time became a net grain exporter. However, the drought of 1972 caused a jump in cash imports of grain during 1973-76.

The recent shifts in agricultural policy are part of a series of changes that have occurred during the past two decades. As the Green Revolution gained momentum, the transition from subsistence farming to commercial agriculture accelerated. Following the serious droughts of 1965 and 1966, India assigned top priority to grain self-sufficiency.

The ideal monsoon rainfall of 1977 and the above-normal rainfall of 1978 again placed India in a net export position during 1978-80. The 1979 drought may again bring a change in India's position in world cereals trade, but such imports probably will not begin before 1981.

Government wheat procurement reached a peak of 8.2 million tons in 1979, and may be 2 million tons below this level in 1980. Rumors of export sales to the Soviet Union and other destinations caused open-market prices for wheat in May 1980 to rise above the procurement price of $146 per ton, and procurement deliveries dwindled.

Also, this year's wheat harvest probably will be about 4-5 million tons below the large 35-million-ton harvest of 1979.

Wheat flour millers, who use about 4 million tons of wheat annually, have been banned from buying wheat in farm markets this year—a development that will result in substantially lower public wheat stocks later this year.

In April, Government wheat stocks were down to 5.5 million tons, and total grain stocks were only 14 million tons, compared with about 21 million tons in July 1979. The successful establishment of large grain stocks evolved after great fluctuations and dramatic policy changes in the past two decades.

In the early 1960's, India's wheat prices were relatively low—a situation blamed by some on large imports of U.S. wheat under P.L. 480. However, dramatic changes in India's wheat yields following the introduction and spread of high-yield varieties and improved inputs were triggered in part by the sharp hike in the Government procurement price.

Three factors are mainly responsible for the growth of India's grain yields in recent years:

- Favorable procurement prices. Except in 1974, India's farm price for wheat was above the U.S. price from 1968 to early 1980.
- Credit became more readily available for purchases of fertilizer and other inputs used with high-yield varieties. The high priority for technology to boost yields that was made available following the droughts of the mid-1960's has been continued.
- Farmers have been given greater freedom to market their crops where and when they wish and a guarantee that all output could be sold at a fair price, thus permitting higher

returns that can be invested in farm improvements.

Indian farmers are obtaining much better prices for cereals than they were a decade ago. In India, procurement prices serve as price supports.

Fertilizer use in India reached 5.3 million nutrient tons in 1979/80—five times the level of a decade earlier. Fertilizer use has nearly doubled since 1973, despite advancing prices. Naphtha, a petroleum byproduct, provides about 70 percent of the raw materials used by India's fertilizer factories.

Irrigation has become more efficient as farmers used tube wells and tractors to prepare fields for irrigation water. The spread of high-yield varieties from 11.3 million hectares in 1969/70 to about 36.5 million in 1978/79 has been facilitated by marked expansion in irrigated area.

A boom demand for tractors has developed as a result of higher farm returns, easier credit, and greater off-farm income in rural areas. The availability of 500,000 tractors was a great asset when farmers had to prepare fields quickly and plant wheat after showers ended the drought in November 1979.—*John B. Parker, International Economics Division, ESCS*□

United Kingdom

Consumption of Lamb Rises As Beef Continues To Decline

British consumers are eating more lamb and mutton this year, and less beef, veal, and pork.

A favorable spring lambing season in the United Kingdom resulted in a sharp rise in the number of slaughter lambs at prices below year-earlier levels.

Although beef production in the first part of 1980 was about 3 percent above the comparable 1979 period, it is expected to decline during the second half of the year. The slow long-term decline in U.K. beef consumption is expected to continue throughout the year.

Hog slaughter, too, was slightly higher during first-half 1980 than it was a year earlier, with a similar decline forecast for the final 6 months of the year. However, prices had begun to firm by midsummer, and hog numbers could increase by yearend.

Although the sheep and lamb inventory at the beginning of 1980 was little changed from the year-earlier total, the mild winter and early spring permitted a good lamb crop with less than usual mortality. Also, breeding ewe numbers were 1.5 percent greater than at the beginning of 1979.

Sheep and lamb slaughter during January-May was 13.5 percent higher than in the year-earlier period, and exports of live lambs were up only marginally, partly because of the resurgence of strength in the U.K. pound.

Imports of mutton and lamb, however, are at a slightly lower level than in the comparable 1979 period, and total imports for the calendar year probably will be below the 1979 figure.

Despite the higher level of slaughter this year, yearend inventory of sheep and lambs is expected to be higher than the year-earlier total.

Mutton and lamb production in the U.K. during 1980 will probably reach about 247,000 tons, about 9 percent above the 1979 total and with only an 8,000-ton offsetting decline in imports.

Meanwhile, European Community (EC) sheep producers are awaiting a decision by the EC Commission regarding the proposed introduction of a Common Agricultural Policy (CAP) for sheepmeat, which would permit higher prices for mutton and lamb.

Among the issues to be resolved before a sheepmeat CAP can be put into effect is the level of the EC import duty on lamb from Australia and New Zealand. The EC Agricultural Commissioner has, in effect, promised these countries a tariff reduction from 20 percent to 10 percent in exchange for voluntary restraints on exports of mutton and lamb to the EC.

However, France is insisting that the reduction stop at 15 percent, and French intransigence over imports of lamb from the U.K.—which wants the tariff cut to 8 percent—does not seem likely to be resolved until a sheepmeat CAP is implemented.

The increase in cattle slaughter this year is a result of several factors, including a mild winter that permitted early finishing of animals, declining returns in the dairy industry, and EC incentives for dairy herd reduction. Cattle numbers by yearend are forecast to be down about 1 percent from the year-earlier total of 13,318,000 head.

Beef and veal production during 1980 probably will total 1.02 million tons (carcass-weight equivalent)—slightly lower than the totals for 1978 and 1979. Beef imports are projected to be down slightly—550,000 tons (cwe)—from the 1979 level, but exports are expected to be slightly higher—about 130,000 tons.

A smaller volume of boneless beef from Australia and Botswana is expected to be offset by larger imports from Argentina. It is also likely that less bone-in beef will arrive from EC sources, particularly Ireland.

Despite the strengthening of the U.K. pound this year, exports of beef and veal have been increasing. Almost all of the exports will go to EC destinations on the Continent.

Per capita consumption of beef in the U.K. may decline to about 21.6 kilograms (cwe) for 1980, compared with 21.9 kilograms in 1979. The pattern of British beef consumption has been changing in recent years along with the decline in intake. Good-quality cuts are becoming luxury items, and a rising share of total consumption is in cow beef and meat from animals not wanted in dairying.

Pork prices have been rising during recent weeks to levels well above year-earlier levels, even though marketings are at the same or slightly higher levels. Pork consumption for 1980 is expected to decline from the 1979 high, when consumption reached 12.6 kilograms and bacon consumption (actual weight) 9.1 kilograms per capita.

Mutton and lamb consumption in 1980 is expected to rise to its highest level since the mid-1970's. Per capita consumption could reach 7.3 kilograms, up from 7 kilograms in 1978/79.—*Based on reports from John C. McDonald, U.S. Agricultural Counselor, London.* □

Bolivia

Credit Shortages May Slow Soybean Production Increases

Bolivia's commercial production of soybeans has risen steadily in recent years, although the forecast is for a slight falloff in 1980. The short-term prospect for the industry is somewhat uncertain, but Bolivian producers are generally optimistic about the longer term future. They expect that, despite the immediate setback, production will continue upward.

Soybeans are one of Bolivia's newest commercial crops and production has expanded tenfold in 6 years, rising from 3,400 metric tons to 35,000 tons between 1973 and 1979. The production rise is the result of area growth, since the average yield has improved little.

Some farmers have diverted their lands from production of other crops—principally cotton—to soybeans.

In the future, Bolivian producers and officials believe soybean production will be possible in many as yet uncultivated areas. Some observers claim that up to 150,000 hectares, mostly in the vicinity of Santa Cruz, could be devoted to soybeans in future years. Suitability of growing conditions is one of the factors behind farmer optimism.

Bolivia has a small crushing industry to process domestically grown cottonseed and peanuts into oil, but it still imports edible vegetable oils. The Government has encouraged local production of soybeans for the threefold purpose of promoting long-term economic development in the Santa Cruz region, reducing Bolivian dependence on imported soy oil, and facilitating greater use of underutilized processing plants.

The country also has a small but growing mixed-feed industry. Local producers of soybeans are given an additional economic incentive by the fact that the beans can be processed into meal for use as a protein component in locally produced poultry feed.

At present, the demand for oil exceeds the demand for meal, creating the problem of excess meal. Because of the Government's interest in local soybeans and soybean oil production, it has subsidized exports of the surplus.

Recently the Government raised the producer price for soybeans to $210 per ton, delivered to the crushing plant. An unofficial estimate of production costs, however, indicates a true cost of $252 per ton, delivered, so the farmer loses with every ton delivered.

However, an even more serious problem at present is the difficulty producers experience in obtaining loans for expanding production. With Bolivia's overall economy in poor condition now, the question is how much credit the Government can make available.

The 1980 production was originally forecast at 52,000 tons, but heavy rains at harvesttime lowered the estimate to 35,000 tons. This, coupled with the facts that the Government may hold down prices at all levels in order to keep consumer prices as low as possible, and that it may have to limit the resources it makes available for crop production growth, has caused growers to lose some short-term enthusiasm.—*Lisa J. Shapiro, ESCS.* □

Soviet Union

Record Cotton Crop Appears in Offing for 1980/81

Soviet cotton being prepared for export. Only the United States ranks ahead of the USSR in export of cotton.

As a result of increased area, earlier planting in the spring, and good weather, the USSR is expecting a record production of lint cotton of about 13.3 million bales (480 lb net), which would top last season's record of 13.1 million bales.

The USSR, the second largest cotton producer/exporter behind the United States, is expected to export about 4.1 million bales this season, compared with 3.7 million in 1979/80 (August-July). Chief markets for Soviet cotton are Eastern Europe, Western Europe, and Japan—the latter two are major U.S. cotton markets.

Part of this season's bumper seed-cotton crop in the Soviet Union will go towards rebuilding the country's stocks following a slight slowdown in the world cotton trade from the record heights of last season. In 1979/80, U.S. cotton exports totaled 9.4 million bales, the highest since 1926, while the Soviet Union was a reluctant seller.

The 1980/81 seed-cotton output in the Soviet Union this year has been raised to 9.32 million tons from the

original goal of 9.16 million tons. Lint output from this crop remains subject to a lint-to-seed cotton ratio which the USSR has yet to disclose. Generally, the Soviets usually exceed their cotton production plans.

Cotton seeding this year in the USSR was completed by May 8—the fastest planting on record—despite increases in cotton area of about 50,000 hectares to 3,140,000. All of the cotton area is now irrigated.

Uzbekistan, the largest cotton-producing Republic in the USSR, is expected to harvest about 5.85 million tons of seed cotton this season, compared with 5.76 million in 1979/80. The Republic normally accounts for about 60 percent of the Soviets' total cotton output.

Uzbekistan has increased its planned output of extra long staple seed cotton to 355,000 tons, up 5,000 tons from the initial 1980/81 target. Although still comparatively small, extra-long-staple cotton production is expanding in the USSR. This season's output is projected at 895,000 tons, 10,000 tons above the 1979/80 total.

Planned seed cotton production in Turkmenistan, the second-largest producing Republic, remains unchanged at 1.21 million tons, including 240,000 tons of extra-long-staple.

Over the next decade, seed cotton production here is expected to increase to about 1½ million tons annually. Extra-long-staple cotton will account for about half of this production, which would raise the output of this top-quality cotton to about three times the present level.

The soil and climate in the Republic favor the expansion of extra-long-staple cotton, which is in great demand for textiles and widely used in chemical, aircraft, and automobile industries. Vast tracts of virgin land along the 1,000-kilometer Karakum Canal that crosses the Central Asian desert can be used for growing long-staple cotton.

Planned seed cotton output in Tadzhikistan has been raised to 950,000 tons from the original goal of 903,000 tons. The harvest includes 300,000 tons of extra-long-staple cotton.

As a result of the rapid development of this year's crop, the largest increase in planned production is scheduled for Azerbaydshan, where the output target was to 800,000 tons. Last season's harvest totaled 742,000 tons.

Production in the other two cotton-producing Republics, Kazakhistan and Kirgizia, are still at the original plan levels of 304,000 tons and 210,000 tons of seed cotton, respectively.—*Based on reports from the Office of the U.S. Agricultural Counselor, Moscow, and the Tobacco, Cotton, and Seeds Division, FAS.* □

Qatar

Subsidies Encourage Farm Imports, Domestic Output

An abundance of money juxtaposed against a widening food deficit has led petroleum-rich Qatar into the business of subsidizing production and imports of many agricultural products, with some impressive gains in both.

Agricultural imports by this sheikdom of 300,000 people are forecast to reach $175 million in 1980, compared with $140 million in calendar 1979 and only $57 million in 1975. The United States supplies only a small share of the imports, but its sales to Qatar this year are seen doubling the 1979 level of $6 million as a result of increased exports of rice, seeds, and certain processed foods. U.S. shipments of rice to Qatar, for instance, soared to 6,092 metric tons valued at $2.4 million in the first quarter of 1980, compared with only 431 tons worth $49,000 in calendar 1979.

Qatar also receives large amounts of rice from Pakistan and India. Australia provides most of the wheat, and the European Community and Australia, most of the barley, meat, dairy products, and processed foods.

Food imports either are duty free or taxed at the low rate of about 2.5 percent ad valorem. Subsidies amounting to around half the cost of livestock feeding have encouraged imports of both feedstuffs and live animals from Australia and Africa. Subsidies also have been used to assist in setting up food-distribution and retail outlets, as well as to cover the cost of transporting goods to the stores at certain times of the year.

On the production side, subsidies to producers have helped bring striking gains in output of meat, tomatoes, cucumbers, and watermelons during the last 5 years. Output of dates and grain sorghum, two major crops, is also up.—*By John B. Parker, Jr., ESCS.* □

Italy

Seed Production Growing, Imports From U.S. Gain

Italy's seed area and production have expanded markedly in recent years, partly as a result of financial assistance by the European Community (EC).

In 1979, outturns of two leading Italian seed crops—forage and rice—were significantly higher than in 1978—forage seeds because of favorable growing weather and rice because of greater EC assistance.

Seed imports—particularly corn, forage, and vegetable seeds from the United States—also have been increasing. The potential for expansion of U.S. seed exports to Italy is regarded as good, especially for seeds of high quality and for vegetable varieties suited to Italy's changing needs.

Production of wheat and rice seeds traditionally receives major emphasis in Italy. Hybrid corn seed output for domestic varieties is mainly by farm cooperatives, while U.S. and other varieties are multiplied in Italy or abroad under contract.

Domestic forage seed production is not specialized, but rather is the unplanned result of the final cut of alfalfa.

Sugarbeet seed production is mainly by Italian sugar mills.

Italy's vegetable seed production is largely under contract between Italy and North European firms. Research activity in Italy for new varieties is not extensive, despite the mass of genetic material available.

Italian imports of certified seeds during 1979 were valued at the equivalent of about $87 million, of which about a fifth came from the United States. Seed exports during the year had a total value of about $68 million, 52 percent greater than the year-earlier level.

Italy's most serious seed deficit is in forage seeds, for which the United States traditionally has been the single largest source, supplying about half of Italian imports of these seeds.

In the past, Italy has imported large quantities of alfalfa seed from Afghanistan, but it is now probable that Italian seed importers will have to turn to other sources.

Italy is expected to continue expanding its imports of forage seed, since domestic yields are generally low and consequently costs and prices are relatively high. The United States is expected to enlarge its share of the Italian market for forage seed.

Imports of cereal grain seeds—especially of hybrid seed corn—compete with Italian varieties or U.S. varieties multiplied in Italy. Several U.S. seed firms operate in Italy, and U.S. seed corn is most often sold in Italy under its original name.

U.S. seed sources supplied 4,590 tons of the total 7,976 tons of hybrid seed corn imported by Italy in 1979, compared with 3,400 tons of the total 6,582 tons imported in 1978 and 1,388 tons of the 5,086 tons imported in 1975.

Italy's total seed production area is not expected to expand more than about 10 percent. Although seed users are tending to plant more intensively, the expanding use of precision planting equipment is holding down the overall seed needs.

Italy is a traditional region for vegetable seed multiplication for many North European seed firms because of its geographic proximity and a climate favoring relatively high germination rates and good seed quality. Many French, German, and Dutch seed firms operate in Italy, either directly or through Italian firms holding cultivation contracts.

Other countries—particularly those with lower labor costs—are beginning to compete with Italy for seed multiplication contracts, but Italy is expected to maintain its position in this market.—*Based on report from the U.S. Agricultural Counselor, Rome.* □

Brazil

Growth Continues in Output And Exports of Broiler Meat

Brazil's broiler meat industry last year continued its rapid growth of the recent past, and further expansion is forecast for 1980. Most of the output is still going toward satisfying booming domestic demand—which is accelerating as consumers shift away from high-priced beef toward poultry meat.

However, export markets, particularly in the Middle East, also are receiving more Brazilian broiler meat. These shipments, aided by subsidies, are seen rising by around 40 percent during calendar 1980.

According to estimates of the Sao Paulo Poultry Association (APA), commercial broiler meat production in Brazil during 1979 totaled about 1,019,000 metric tons (ready-to-cook basis), compared with 772,000 tons in the previous year. As in the past, broiler meat accounted for most of Brazil's total poultry meat output, with production of chicken meat from hens amounting to only 70,000 tons last year—about 9,000 less than in 1978.

Production of turkey meat has been held to around 7,000 tons a year by high prices and consumers' lack of familiarity with the product.

Forecasts for 1980 see another 25 percent increase in output, with broiler meat again accounting for the bulk of output.

Poultry production expanded at an average monthly rate of 3 percent during 1979, despite shortages and high prices of feeds. Corn and soybean supplies were severely affected by the drought in the south of Brazil last year.

The APA places consumption of mixed feed by the poultry industry last year at 6.5 million tons, including some 4.5 million of corn, 1.6 million of soybean meal, and 400,000 of wheat bran and other products.

The Government on January 9, 1980, established minimum support prices for broilers of Cr$18.50 per kilogram, liveweight, and Cr$22.50 per kilogram, viscerated and frozen. These were later increased to Cr$24 and Cr$29[1] per kilogram, respectively.

According to press reports, the minimum support prices will be changed by the Government every 2 months. Current prices apply to the Center-South region.

The rapid increase in broiler production has resulted primarily from a consumer switch to poultry meat as an alternative for beef. Between January 1978 and December 1979, prices paid to producers rose more than 300 percent for beef, compared with around 190 percent for poultry.

Domestic consumption of poultry meat reached 1,015,000 tons last year, compared with 807,000 in 1978. Trade sources estimate that roughly 40 percent of the Brazilian population consumes chicken meat produced and sold through commercial channels and about another third obtains chicken meat through noncommercial channels.

Assisted by a variety of export subsidies, Brazilian broiler meat exports last year continued their upward trend of recent years. Shipments rose to 81,096 tons valued at US$81.1 million from 50,805 tons worth US$46.9 million in 1978. The largest single market was Iraq, taking 18,050 tons in the first 10 months of 1979, followed by Saudi Arabia, with 13,644 tons.

Another strong export gain to 120,000 tons valued at $144 million is forecast for 1980. According to the trade, the bulk of this tonnage already has been contracted.

The poultry industry further forecasts 1981 broiler exports of 160,000 tons worth $200 million.

Despite some concern over Brazil's growing dependence on the export market—particularly in the potentially volatile Middle East—it is generally felt that Brazil will continue to stress export expansion. The biggest drawback to further

[1]Current exchange rate is Cr$84.34 = US$1.00.

growth reportedly is the lack of infrastructure—shipping, port handling, and packing facilities.

Recent Brazilian export prices for broiler meat were in the neighborhood of US$1,200-$1,280 per ton, f.o.b., compared with US$900-$1,125 per ton averaged in 1979. The Association of Poultry Exporters recently chartered three small vessels for export shipments of frozen chicken meat, and plans to charter three additional ships next year.

To support this continued expansion, Brazil has been importing large quantities of breeder chicks, including sizable quantities from the United States. Last year, a total of roughly 475,000 breeder chicks (grandparent stocks) were imported, compared with 450,016 in 1978.—*Based on a report from Lyle Sebranek, Agricultural Officer, São Paulo.* □

India

Farm Exports to Iran This Year Expected To Increase Tenfold

India's agricultural exports to Iran may reach $100 million this year—ten times the 1979 level. The arrival of an Iranian trade delegation in New Delhi in early June to arrange new economic relations points to a pickup in trade between the countries.

Total two-way trade between India and Iran averaged about $1 billion during 1975-78, but dwindled to less than $200 million in calendar 1979. The recent Iranian initiative for better relations with India appears to stem from Iran's urgent need for certain foods that India exports. Currently, for instance, India has a surplus of onions and large stocks of rice.

India is likely to ship about 50,000 tons of onions to Iran this year and could provide about 100,000 tons of rice during the 1980/81 marketing year.

Similar quantities of wheat, barley, animal feed, and potatoes may flow from India to Iran under new trade arrangements initiated in early June. In 1980, India also could provide Iran with about 5,000 tons of each of these commodities: tea, apples, oranges, spices, cashew kernels, frozen poultry, mutton, eggs, and fruit juices.

India also may export some bakery items and processed foods for distribution through Iranian supermarkets.

Meanwhile, India's food imports from Iran are likely to remain below $2 million this year. In 1977, India imported $5.2 million worth of agricultural goods from Iran, including $2.2 million of nuts, $867,000 of cotton, and $590,000 of grapes.

India received nearly 40 percent of its petroleum from Iran during 1975-78, but a shift to Iraq and the Soviet Union occurred in 1979. Previously scheduled investments of more than $500 million by Iran in India's iron ore mines and fertilizer factories were canceled in early 1979 by the new Government in Tehran.

In addition, India had to pay very high prices for some of its petroleum from Iran last year and in early 1980, primarily because of disruptions in relations between the two countries.

India's exports of steel, textiles, and construction materials to Iran rose sharply during 1977 and 1978. In fact, Indian firms had more than $1 billion in construction contracts with Iran during these years. If new contracts such as these emerge from the recent trade talks, they could help India pay for future petroleum imports from Iran.

On the agricultural side, Indian farm exports to Iran plummeted from a peak of $265 million in 1975 (including $228 million for sugar) to $87 million the next year, to just $25 million in 1977, and down to around $10 million in 1978. (In 1977, India's sugar exports to Iran ceased, but sales of Indian tea increased to $17.8 million.)

India farm exports to Iran this year, though, may revive to the 1974 level of $106 million.—*By John B. Parker, Jr., Economics, Statistics, and Cooperatives Service.* □

Switzerland

"Natura Beef" Being Introduced

This fall a new type of beef, "Natura Beef," will be introduced on the Swiss market. The meat will be from calves suckled and nursed with cow milk and held on pasture grass with all antibiotics eliminated.

Lactating cows will rear their own suckling calves with their own milk; after calving cow and calf are held on pasture until late in the fall. After about 10 months, the calf is ready for slaughter, weighing about 300 to 400 kilograms.

The cow milk, reportedly, makes the meat as tender as veal, but also as strong and aromatic as beef. The feeding of pasture grass and/or roughage provides a red meat resembling regular beef rather than the usual, popular "white" veal.

Distribution of the new Natura Beef is sponsored by the Swiss Association of Nursing and Suckling Cow Holders, with the Federal Office of Agriculture subsidizing the nursing and suckling cow method, since the technique will contribute to a solution to the overproduction of milk.

Presently, there are about 700 Government subsidized nursing and suckling cow enterprises in Switzerland, while the number of the traditional calf fattening enterprises, with partly intensive fattening, amounts to about 13,000.—*Based on a report by Robert S. FitzSimmonds, U.S. Agricultural Attaché, Bern.* □

Correction: Page 8, para. 2 September issue, should read: "U.S. grain and soybean shipments during the 1980's are forecast to rise by 50 million tons—or by nearly 40 percent."

TRADE BRIEFS

New Record for German Oilseed, Meal Imports

West German imports of soybeans, soybean meal, and sunflowerseed for crushing reached record levels during October-June 1979/80, with the United States as usual supplying most of the products. The results: Soybeans, 3.04 million metric tons (against 2.9 million in 1978/79), with 2.9 million (2.5 million) coming from the United States; soybean meal, 1.5 million tons (1.4 million), including 831,000 (575,000) from the United States; and sunflowerseed, 621,000 (498,000), including 485,000 (430,000) from the United States.

Brazil Exporting Alcohol

Brazil this year may export $200 million worth of fuel alcohol sold at the per-barrel price of US$62, according to Camilo Penna, Minister of Industry and Commerce, during ceremonies honoring the Ministry's 20th anniversary. Major importers are the United States and Japan. Penna added, however, that exports may be short-lived since they have resulted from an auto industry strike that reduced output of alcohol-powered cars. The Government's goal is to completely substitute alcohol for gasoline.

Swarms of Locusts Still Threaten West Africa

African migratory locusts have been swarming in northern Nigeria and north central Cameroon. Interested governments and international organizations are combining efforts to control the spread of the swarms and prevent a buildup in Chad where control is difficult because of unsettled civil conditions. The UN's Food and Agriculture Organization warned in May that unless active measures were taken agriculture could be menaced from Niger to Sudan, and that the onslaught could be the worst since the last major invasion ended in 1941.

Egypt's Vegetable Exports Expanding as Production Increases

Egypt's vegetable and melon exports have risen sharply in the past few years and there has been considerable interest in expanding the country's export markets, particularly in Europe and other Middle Eastern countries. Egypt's vegetable and melon exports, which hit a 7-year low of only 12,743 tons in 1974, rebounded to a record 39,534 tons in 1977 and was followed by a volume of 38,445 tons in 1978. Primary exports are watermelons, fresh tomatoes, and green haricots.

Free Peasant Market Opens in Cuba

Private trade gained a toehold in Cuba with the opening in June of a free peasant market. Farmers reportedly have responded enthusiastically to this outlet for production in excess of State quotas, despite some wide price swings. Prices for black beans, for instance, fluctuated during one short period from 8 centavos to 500, while those for chicken ranged between 5 and 12 pesos (a peso equals US$0.71).

Thailand Sells More Corn to Taiwan, Iran

Thailand has agreed to supply 200,000 metric tons of corn to Taiwan during October 1980-January 1981; shipments will include 30,000 tons in October, 60,000 each in November and December, and 50,000 in January next year. The agreement calls for two price negotiating sessions, each covering a period of 2 months. The first of these sessions has already been held and a price of $168.50 for bagged corn for October-November shipment has been set. Between October 1979 and January 1980, Thailand shipped 69,000 tons of corn to Taiwan. Corn sales to Iran between late June and late August (August-October delivery), meanwhile, were up to 130,000 tons with traders predicting 500,000 in total from the current crop. In 1979/80 (July/June), Iran imported only 25,000 tons of Thai corn.

Nine Countries Top 1-Million-Ton Mark for Imports of U.S. Wheat

During the 1979/80 marketing year [June-May], nine countries imported more than 1 million tons of U.S. wheat. The leading importers were the USSR (4.4 million tons), Japan (3.2 million), and Brazil (2.1 million). Other members of the Top Nine, with imports in million tons, were: South Korea (1.8), China (1.6), Egypt (1.3), Nigeria (1.1), and Bangladesh and the Netherlands at slightly more than 1 million tons each.

Estimates Lowered for China's Cotton Crop

Heavy rains and serious flooding have caused a downward revision in forecasts of China's 1980 cotton crop, which is now placed at 2.24 million metric tons (10.3 million bales), or some 3 percent below earlier estimates and about the same as 1979's. Imports in 1980/81 (August-July) are seen holding at a relatively high level following record 1979/80 imports of 3.7 million bales—including 2 million from the United States. However, the world cotton supply is becoming tighter and may limit imports in 1980/81.

U.S. Fun Food Rack Up Sales in Japan

Some 1,300 Japanese tradespeople attended the first-ever American Fun Foods Festival in Tokyo, August 26-27, with 7 of the 18 participating firms reporting on-site sales of US$1.2 million and 13 companies expecting sales of $16.5 million during the next 12 months. Among best sellers were raisins, peanut butter, macademia nuts, chocolate, cranberry juice, and blueberries. Products offering the greatest marketing opportunities include assorted candies, raisins, peaches, peanut butter, macadamia nut candy, pistachio nuts, cranberry juice, and potato and corn chips.

Here & There

Greek wheat exports this year may nearly double the 1979 level of 597,000 tons in the wake of a record domestic crop of 2.9 million tons and less stress than in the past on exports of wheat flour....Taiwan's grain importers and Government reportedly plan to build a fleet of five or six 60,000-ton cargo ships to transport imported grains and oilseeds, hoping to cut costs on this 5-million-ton annual trade....A Sicilian newspaper reports the USSR has contracted to buy about 1.5 million hectoliters of Sicilian wines, making the USSR Italy's best wine customer next to France. . . .Increasing consumer demand for pasta in Venezuela is among factors pushing Venezuela's wheat imports up an anticipated 10 percent to 880,000 tons in 1980/81, according to the Agricultural Counselor in Caracas. U.S. is almost sole supplier.

WORLD AGRICULTURAL DAYBOOK

OCTOBER

Trade/Technical Team Trips

U.S. Teams Overseas

Date	Team	To
Sept. 28-Oct. 1	Natl. Renderers Assn. team	Dominican Republic
Sept. 28-Oct. 2	American Soybean Association feed nutrition team	Mexico
Sept. 28-Oct. 3	Popcorn Institute promotion team	United Kingdom
Oct. 6-27	U.S. agricultural statistics delegation	China

Foreign Teams in the U.S.

Date	Team	To
Sept. 10-Oct. 1	Taiwanese vegetable oil processors	California, Tennessee, Missouri, Iowa, Ilinois, New York, Ohio, Louisiana, Washington, D.C.
Sept. 20-Oct. 4	Japanese poultry and egg team	Georgia, Pennsylvania, New York, Wisconsin, Illinois, Utah, California.
Sept. 26-Oct. 13	Feed Grain Council team from Indonesia and Singapore	California, Texas, Louisiana, Missouri, Illinois, Washington, D.C.
Oct. 3-25	Korean dairy products study team	California, Wisconsin, Illinois, Missouri, Georgia, Louisiana, Texas, Iowa, Washington, D.C.
Oct. 3-25	Korean feed protein study team	California, Wisconsin, Illinois, Missouri, Georgia, Louisiana, Texas, Iowa, Washington, D.C.
Oct. 4-11	Peruvian rice officials	Louisiana, Arkansas, Texas.
Oct. 11-28	Asian cotton spinners	California, Arizona, Texas, Tennessee, North Carolina, New York.
Mid-Oct.	Japanese Holstein dairymen	Selected dairying states.
Mid-Oct.	East German grain and soybean teams	Kansas, Illinois, Minnesota.

Trade Fairs/Exhibits

Date	Event and location
Oct. 3-20	28th Pan-American Livestock Exposition; Dallas.
Oct. 4-12	Guayaquil Cattle Fair; Quito.
Oct. 21-26	Navarro Cattle Exposition; Buenos Aires.

Meetings

Date	Organization and location
Oct.-Nov.	U.S.-European Community consultations; Washington, D.C.
In Oct.	Signing of U.S.-Hungarian statement on agricultural trade and cooperation; Budapest.
Oct. 3	U.S.-Bulgarian Agricultural Working Group; Sofia.
Oct. 6/7	U.S.-Argentine economic consultations; Buenos Aires.
Oct. 6-8	International Wheat Council committee; London.
Oct. 6-10	Cotton Development International working group; Rome.
Oct. 6-11	FAO animal production and health commission for Asia, the Far East, and Pacific; Bangkok.
Oct. 7	International Science & Education Council: USDA and university representatives; Washington, D.C.
Oct. 7-10	FAO Intergovernmental Group on Jute, Kenaf, and Allied Fibers; Rome.
Oct. 14	U.S.-German Democratic Republic grain consultations; Washington, D.C.
Oct. 13-15	OECD Management Committee, cooperative research project on food production and preservation; Paris.
Oct. 13-17	UNCTAD preparatory meeting on vegetable oils oils and oilseeds; Geneva.
Oct. 14-16	OECD Working Party on Commodity Analysis and Market Outlook; Paris.
Oct. 14-17	FAO-WHO Codex Alimentarius Commission; Geneva.
Oct. 26-31	FAO Asia and Far East Commission on Agricultural Statistics; Katmandu, Nepal.
Oct. 27-31	FAO World Food Security Committee Working Party; Rome.
Oct. 27-31	Consultative Group for International Agricultural Research: International Centers Week; Manila.
Oct. 27-Nov. 4	FAO Preparedness for Acute and Large-Scale Food Shortages Working Party; Rome.
Oct. 27-Nov. 7	UNCTAD negotiating session on cocoa; Geneva.

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Will you and your products be there?

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International Food and Agricultural Trade Show	
New Orleans	**Feb. 18-20**
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Houston	Feb. 23
United Fresh Fruits and Vegetables Convention and Exhibition	
San Antonio	Feb. 24, 25
Western Food Exhibitors' Show	
San Francisco	**Feb. 27**
Mid-American Food Exhibitors' Show	
Chicago	**Mar. 3**
Eastern Food Exhibitors' Show	
New York	**Mar. 5**

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